ANNUAL FINANCIAL STATEMENTS

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

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FOR THE YEAR ENDED 30 JUNE 2020

WELL RUN CITY

UNAUDITED

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REPORTING ENTITY'S MANDATE

The City of Cape Town is a high-capacity, category A local authority established in terms of section 151 of the Constitution of the Republic of South Africa Act 108 of 1996.

The principal activities of the City are to:

- provide democratic and accountable government to the local communities;
- ensure sustainable service delivery to communities;
- promote social and economic development;
- promote a safe and healthy environment; and
- encourage the involvement of communities and community organisations in the matters of local government.

The City's operations are governed by the Local Government: Municipal Structures Act 117 of 1998, the Local Government: Municipal Systems Act 32 of 2000, the Local Government: Municipal Finance Management Act 56 of 2003, and various other acts and regulations.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements for the year ended 30 June 2020, as set out on pages 9 to 84 in terms of section 126(1) of the Local Government: Municipal Finance Management Act 56 of 2003, and have accordingly signed the statements on behalf of the City.

I certify that the salaries, allowances and benefits of councillors as disclosed in note 38.2.2 to these financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa Act 108 of 1996, read with the Remuneration of Public Office Bearers Act 20 of 1998, and the Minister of Provincial and Local Government's determination in accordance with this Act.

Lungelo Mbandazayo
City Manager

31 August 2020

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REPORT OF THE AUDITOR-GENERAL

TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN

Report on the audit of the financial statements

REPORT OF THE AUDITOR-GENERAL

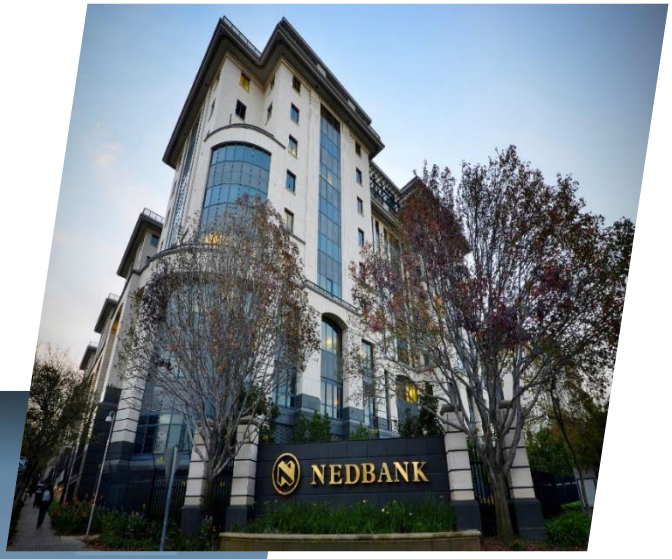
TO THE WESTERN CAPE PROVINCIAL PARLIAMENT AND THE COUNCIL ON CITY OF CAPE TOWN (continued)

Report on the audit of the financial statements (continued)

GENERAL INFORMATION

BANKERS
Nedbank Limited
135 Rivonia Campus
135 Rivonia Road
Sandown
Sandton
2196

PO Box 1144
Johannesburg
2000



AUDITORS
The Auditor-General of South Africa
No 17 Park Lane Building
Park Lane
Century City
7441

Private Bag X1
Chempet
7442

REGISTERED OFFICE
City of Cape Town
12 Hertzog Boulevard
Cape Town
8001

PO Box 655
Cape Town
8000

GENERAL INFORMATION (continued)

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor
Ald D Plato

Executive Deputy Mayor, Finance
Ald I Neilson

Economic Opportunities and Asset Management
Ald J Vos

Transport
Ald F Purchase

Safety and Security
Ald JP Smith

Spatial Planning and Environment
Ald M Nieuwoudt

Urban Management
Ald G Twigg

Corporate Services
Cllr S Cottle

Community Services and Health
Cllr Z Badroodien

Human Settlements
Cllr M Booi

Energy and Climate Change
Cllr P Maxiti

Water and Waste
Ald X Limberg

MEMBERS OF THE AUDIT AND PERFORMANCE AUDIT COMMITTEE

Chairperson
D Singh

Members
S Barnes
M Burton
L Nene
R Nicholls

OTHER

Speaker
Ald JD Smit

Chief Whip
Cllr D Visagie

EXECUTIVE MANAGEMENT TEAM

City Manager
L Mbandazayo

Chief Financial Officer
K Jacoby

Community Services and Health
V Botto (acting)

Corporate Services
CJ Kesson
CD January (acting during COVID-19)

Economic Opportunities and Asset Management
KS le Keur

Energy and Climate Change
K Nassiep

Human Settlements
N Gqiba

Safety and Security Services
RG Bosman

Spatial Planning and Environment
O Asmal

Transport
E Sass (acting)

Urban Management
P Mashoko

Water and Waste Services
M Webster

GENERAL INFORMATION (continued)

Council members of the City of Cape Town

Cllr A Abrahams
Cllr FL Abrahams
Cllr MR Abrahams
Cllr MF Achmat
Cllr A Adams
Cllr A Adams
Cllr R Adams
Cllr Y Adams
Cllr M Adonis
Cllr ZC Adonis
Cllr FK Ah-Sing
Cllr WJ Akim
Ald EP Andrews
Cllr E Anstey
Cllr R Arendse
Cllr DE Badela
Cllr ZA Badroodien
Cllr MK Bafo
Cllr UM Barends
Ald AJG Basson
Cllr S Batala
Cllr TM Batembu
Cllr RA Bazier
Cllr MM Bele
Cllr AM Benadie
Cllr R Beneke
Cllr CB Bew
Cllr N Bolitye
Cllr M Booi
Cllr FR Botha-Rossouw
Cllr R Bresler
Cllr EN Brunette
Cllr DW Bryant
Cllr KR Carls
Cllr H Carstens
Cllr MA Cassiem
Cllr MF Cassim
Ald GV Cavanagh
Cllr CS Cerfontein
Cllr PH Chapple
Cllr MN Chitha
Cllr DJ Christians
Cllr BR Clarke
Cllr GJ Classen
Ald CC Clayton
Cllr DG Cottee
Cllr SA Cottle
Cllr AC Crous
Cllr M Dambuza
Cllr T Dasa
Cllr MM Davids
Cllr NN Dilima
Cllr WB Dlulane
Cllr WP Doman
Cllr DK Dudley
Cllr SS Duka
Cllr MR Dwane
Cllr PA East
Cllr CJ Esau
Cllr JP Fitz
Cllr E Fortune
Ald GD Fourie
Cllr P Francke
Cllr CM Fry
Cllr A Gabuza
Cllr F Gaffoor
Cllr BC Golding
Cllr GE Gordon
Cllr AJ Griesel
Cllr CDW Groenewoud
Cllr NE Grose
Cllr LA Gungxe
Cllr B Hansen
Cllr W Harris
Cllr GCR Haskin
Cllr PG Helfrich
Cllr A Hendricks
Cllr PC Heynes
Cllr ND Hlangisa
Cllr MW Hlazo
Cllr TT Honono
Cllr VR Isaacs
Cllr IR Iversen
Ald BM Jacobs
Cllr HW Jacobs
Cllr WD Jaftha
Cllr L Jali
Cllr C Janse van Rensburg
Cllr EE Jansen
Cllr S John
Cllr X Joja
Cllr C Jordaan
Cllr N Jowell
Ald CR Justus
Cllr ML Kempthorne
Cllr DM Khatshwa
Cllr MRH Kleinschmidt
Cllr ME Kleinsmith
Cllr C Kobeni
Cllr AL Komeni
Cllr NF Kopman
Cllr GPG Kriel
Cllr AE Kuhl
Cllr MD Kumeke
Ald NJ Landingwe
Cllr SP Liell-Cock
Cllr AG Lightburn
Ald XT Limberg
Cllr BC Madikane
Cllr N Mahangu
Cllr N Mahlati
Cllr BM Majingo
Cllr N Makasi
Cllr LC Makeleni
Cllr SK Manata
Ald GW March
Cllr J Martlow
Cllr V Matanzima
Cllr JJ Maxheke
Cllr P Maxiti
Cllr L Mazwi
Cllr S Mbandezi
Cllr JS Mbolompo
Cllr NV Mbombo
Cllr J McCarthy
Cllr AP McKenzie
Cllr CN Mdleleni
Cllr SS Mfecane
Cllr NE Mgolombane
Cllr JH Middleton
Cllr PM Mngxunyeni
Ald S Moodley
Cllr AC Moses
Cllr NA Moshani
Cllr T Mpengezi
Cllr S Mzobe
Cllr PS Mzolisa
Cllr N Ndaleni
Cllr AX Ndongeni
Ald ID Neilson
Cllr K Nethi
Cllr BP Ngcani
Cllr B Ngcombolo
Cllr MWN Ngeyi
Cllr PM Ngqu
Cllr D Ngubelanga
Cllr XW Ngwekazi
Cllr S Ngxumza
Ald MJ Nieuwoudt
Cllr M Nikelo
Cllr S Nkomiyahlaba
Cllr FM Nkunzana
Cllr X Nofemele
Cllr S Nonkeyizana
Cllr SN Nqabeni Moloto
Cllr SP Nqamnduku
Cllr ML Nqavashe
Cllr M Nqulwana
Cllr A Ntsodo
Cllr P Nyakaza-Sandla
Cllr L Nyingwa
Cllr SF Oerson
Ald MJ Oliver
Cllr GC Peck
Cllr XG Peter
Cllr MJ Petersen
Cllr S Philander
Cllr MP Pietersen
Cllr TI Pimpi
Cllr YM Plaatjie
Ald D Plato
Cllr CJ Pophaim
Ald SB Pringle
Cllr CB Punt
Ald FA Purchase
Cllr ZL Qoba
Cllr RM Quintas
Cllr X Qwesha
Cllr MH Raise
Cllr B Rass
Ald R Rau
Cllr FHL Raymond
Cllr N Rheeder
Cllr SJ Rossouw
Cllr T Sakathi
Cllr E Sawant
Cllr MM Sibunzi
Cllr RZ Simbeku
Cllr RS Simons
Cllr AJ Skippers
Ald JD Smit
Ald JP Smith
Cllr OK Solomons
Cllr NP Sono
Cllr X Sotashe
Cllr KG Southgate

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GENERAL INFORMATION (continued)

Council members of the City of Cape Town (continued)

Cllr Z Sulelo	Cllr TA Uys	Cllr M Velem	Ald BRW Watkyns
Cllr PS Swart	Cllr B van der Merwe	Cllr R Viljoen	Cllr JJ Witbooi
Cllr S Taliep	Ald JFH van der Merwe	Cllr DA Visagie	Cllr J Woodman
Cllr HP Terblanche	Ald A van der Rheede	Cllr CL Visser	Cllr N Xamle
Cllr EAJ Theron	Cllr PE van der Ross	Cllr J Visser	Cllr S Yalezo
Ald TB Thompson	Cllr ML van der Walt	Cllr PP Vokwana	Cllr SK Yozi
Cllr G Timm	Cllr B van Reenen	Ald J Vos	Cllr LG Zondani
Cllr BEF Truter	Cllr CHS van Wyk	Cllr ST Vuba	
Ald GG Twigg	Cllr A van Zyl	Cllr FC Walker	

In the course of the reporting period, the following councillors ceased to be political office-bearers:

Cllr S Arendse	14/08/2019	Cllr L McBride	12/02/2020
Cllr R Saralina	01/09/2019	Cllr C Williams	29/02/2020
Cllr C Mabona	07/11/2019	Cllr J Mare	17/05/2020
Cllr S Noludwe	31/12/2019		

SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2020

The City's significant accounting policies, which are in all material respects consistent with those applied in the previous year, unless specified otherwise, are set out below. Details of any changes in accounting policies are provided in note 35.

BASIS OF PRESENTATION

The financial statements have been prepared in accordance with the Generally Recognised Accounting Practices (GRAP), standards issued by the Accounting Standards Board (ASB) and approved by the Minister of Finance as effective in accordance with Section 122(3) of the Municipal Finance Management Finance Act, (Act No 56 of 2003).

These financial statements have been prepared on an accrual basis of accounting and incorporate the historical cost convention as the basis of measurement, except where indicated otherwise.

The ASB has issued Directive 5 that outlines the GRAP Reporting Framework hierarchy. In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed using the principles set out in the "Standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors" as read with Directive 5.

Management has used assessments and estimates in preparing the financial statements – these are based on the best information available at the time of preparation.

GOING-CONCERN ASSUMPTION

These financial statements have been prepared based on the expectation that the Municipality of Cape Town will continue to operate as a going-concern for at least the next 12 months.

OFFSETTING

Assets and liabilities, revenue and expenses are off-set and the net amount reported in the statement of financial position when there is a legally enforceable right to off-set the recognised amount, and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

COMPARATIVE INFORMATION

When the presentation or classification of items in the financial statements is amended, comparative amounts are restated and the nature and reason for such reclassification are disclosed.

Where accounting errors have been identified and/or a change in accounting policy has been made in the current year, the correction is made retrospectively as far as is practicable, and the comparatives are restated accordingly.

FOREIGN-CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially accounted for at the ruling exchange rate on the date of the transaction. Trade creditors denominated in foreign currency are reported at the statement of financial position date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period during which they arise.

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES

In the process of applying the City's accounting policies, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

- **Going-concern**

Included in management's assessment of going concern are key financial metrics, the impact of the COVID-19 pandemic, the associated conditions of a general economic downturn, approved medium-term budgets, and the municipality's dependency on grants from National Government and the Western Cape Provincial Government ("Province"),

Management concluded that the going concern assumption used in the compiling of its financial statements, is appropriate.

- **Materiality**

Materiality is considered in determining whether information needs to be recognised, measured, presented and disclosed in accordance with the GRAP standards, as well as in assessing the effect of omissions, misstatements and errors on the financial statements.

In assessing whether an item, transaction or event is material, the following thresholds are used:

- **Budget information**

  Variances between budget and actual amounts are regarded as material when the variance is

  – 10% or greater in the statement of financial position, the statement of financial performance, and the cash flow statement; and
  – 5% or greater in capital expenditure.

  All material differences are explained in note 36 to these financial statements.

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USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

Materiality (continued)

- **Qualitative thresholds**

The nature of an item, transaction or event is determined by its inherent characteristics, or the circumstances in which it was undertaken. Items, transactions or events may be considered material:

– if they relate to legal or regulatory requirements, e.g. specific disclosures required by legislation, restrictions on certain transactions or activities imposed by legislation, or breaches of legislation.
– if they constitute related-party transactions;
– depending on their regularity or frequency, e.g. a once-off transfer of funds to another entity in terms of legislation, or a ministerial directive;
– if they result in the reversal of a trend, e.g. changing a surplus to a deficit, or vice versa;
– if they are likely to result in a change in accounting policy;
– if they involve the commencement of a new function, or the reduction or discontinuation of an existing one;
– depending on the degree of estimation or judgement required to determine their value, e.g. a high degree of estimation may be involved in the measurement of a complex transaction such as a financial instrument; and
– if they affect the going-concern assumption of the municipality.

The relative importance of these qualitative factors in determining materiality is a matter of professional judgement.

- **Quantitative thresholds**

Quantitative materiality refers to the monetary value of items, transactions or events that is likely to influence users' decisions. The quantitative value of materiality is based on a number of financial indicators.

The City of Cape Town uses 0,5% to determine materiality, considering the following factors:

– Nature of the City's business
– Statutory requirements
– The control and inherent risks associated with the City
– Prudence

The level of materiality per transaction class for 2019/2020 is as follows:

Class of transactions	Level of materiality (R'000)
Revenue	218 263
Expenditure	207 194
Non-current assets	279 759
Current assets	90 201
Non-current liabilities	74 615
Current liabilities	40 820

The calculation of materiality is based on the approved special final May 2020 2019/20 adjustments budget for all classes of transactions.

Based on professional judgement the overall quantitative value of materiality for the 2019/20 financial year is set at R150,00 million.

- **Pension and other post-employment benefits**

The cost of defined-benefit pension plans and other employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- **Impairment of receivables**

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments. Groups of debtors with similar credit risk characteristics are assessed for impairment considering factors such as socio-economic conditions, type of customer, the default period and service-specific payment histories.

The recent outbreak of COVID-19 has significantly affected the South African economy and our debtor's ability to make payments. This uncertainty is factored into the assessment of impairment and has led to an increase in the impairment to R7.779 billion (2019: R6.426 billion), which represents 51,45% (2019: 47,83%) of the gross balance of receivables.

The concentration of credit risk is limited, as the customer base is large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

- **Impairment of property, plant and equipment**

The calculation in respect of the impairment of property, plant and equipment (PPE) is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

- **Significant delays in assets under construction**

The City regards delays in assets under construction of more than one year as significant.

- **Residual value of property, plant and equipment**

Management has determined that none of its infrastructural assets have any active market value, and the value of the amount at the end of their useful lives would therefore be insignificant.

- **Useful lives of property, plant and equipment, investment property and intangible assets**

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. The estimated residual values of assets are also based on management's judgement on whether the assets will be sold, held indefinitely or used to the end of their useful lives, and what their condition will be at that time.

- **Material losses**

Material losses are losses that occur due to factors other than normal production and are regarded as material in accordance with the materiality thresholds above.

Losses that occur due to normal production are classified as production costs and factored into the City's tariffs. They, therefore, do not constitute material losses. If actual production losses exceed the budgeted production losses factored into the tariff, the difference is considered a material loss.

- **Provisions and contingent liabilities**

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities, as set out in notes 13, 15 and 34 respectively. Provisions are discounted where the effect of discounting is material.

- **Cash and non-cash-generating assets**

The City is not a profit-oriented entity as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff although net positive cash inflows are achieved from electricity service charges.

As such, management has determined that only the City's electricity assets meet the definition of cash-generating assets, and that the GRAP standard for the impairment of non-cash-generating assets will therefore apply to all assets of the City.

- **Principal agent arrangements**

The City has entered into principal agent arrangements. Judgement is applied when making the assessment on whether the City is the principal or agent in the following arrangements:

– The City acts as a motor vehicle registering authority on behalf of the Department of Transport and Public Works for all vehicle registration and licensing in the by the City of Cape Town area. The City charges the customer a registration fee and licence fee. The registration fee is the City's compensation for acting as the agent of Province. The licence fee is paid over to Province. The total agency compensation received is reflected on the face of the Statements of Financial Performance and classified as Agency Services revenue.

– The City pays collection fees to various agencies to collect revenue of its behalf. The City is the principal in these arrangements. These arrangements include service providers that sell prepaid electricity and various payment agencies where the customer can settle their municipal account. The City pays these service providers a commission and the total compensation paid is reflected on the face of the Statements of Financial Performance as Collection costs.

USE OF SIGNIFICANT JUDGEMENTS AND ESTIMATES (continued)

ADOPTION OF NEW AND REVISED STANDARDS

- **Standards and interpretations effective and adopted in the current year**

The following GRAP standards are applicable and effective in the current year:

GRAP 20 - Related-party disclosures (revised)
GRAP 32 - Service concession arrangements: Grantor
GRAP 108 - Statutory receivables
GRAP 109 - Accounting by principals and agents
IGRAP 17 - Service concession arrangements where a grantor controls a significant residual interest in an asset
IGRAP 18 - Recognition and derecognition of land
IGRAP19 - Liabilities to pay levies
Guideline - Guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme
IFRIC 22 - Foreign-currency transactions and advance consideration
IFRIC 23 - Uncertainty Over Income Tax Treatments

These amendments have led to changes in the City's accounting policy for statutory receivables and amendments to the classification of receivables in line with GRAP 108.

The impact of GRAP 20, 32 and 109, IGRAP 17, 18 and 19, IFRIC 22, as well as the Guideline on Accounting for Arrangements Undertaken in terms of the National Housing Programme are immaterial as the City has based its accounting policies on these standards in prior years.

- **Standards and interpretations early adopted**

The City has not early-adopted any GRAP standard that is not yet effective, but has based its accounting policies on the Guideline on Accounting for Landfill sites and Guideline on the Application of Materiality in Financial Statements.

- **Standards and interpretations issued, but not yet effective**

At the date of submission of these financial statements, the following amendments to standards of GRAP and approved standards of GRAP had been issued, but were not yet effective:

- **Annual periods commencing on or after 1 April 2020:**
  GRAP 18 - Segment reporting
  GRAP 34 - Separate financial statements
  GRAP 35 - Consolidated financial statements
  GRAP 36 - Investments in associates and joint ventures
  GRAP 37 - Joint arrangements
  GRAP 38 - Disclosure of interest in other entities
  GRAP 110 - Living and non-living resources
  IGRAP 20 - Accounting for adjustments to revenue to pay levies

These standards will be complied with in the financial statements once they take effect. Preliminary investigations indicated that GRAP18 would require additional presentation and disclosure in the financial statements, while the impact of GRAP 34, 35, 36, 37 38, 110 and IGRAP 20 would be immaterial.

- **Annual periods commencing on or after 1 April 2020:**
  Guideline on Accounting for Landfill Sites
  Guideline on the Application of Materiality in Financial Statements

The City has based its accounting policies on these guidelines, and the application of the guidelines will therefore have no impact on the financial statements.

HOUSING FUNDS

The housing development fund was established in terms of the Housing Act 107 of 1997.

Housing development fund

Sections 15(5) and 16 of the Housing Act, which came into effect on 1 April 1998, required the City to maintain a separate housing operating account. This legislated separate operating account is known as the housing development fund and is fully cash-backed.

In addition, section 14(4)(d)(iii)(aa) read with, *inter alia*, section 16(2) of the Housing Act also requires that the net proceeds of any letting, sale or alienation of property previously financed from government housing funds be paid into a separate operating account, and be utilised by the City for housing development in accordance with the National Housing Policy.

Unrealised housing proceeds

In order to comply with sections 14(4)(d)(i) and (iii) of the Housing Act, in terms of which all net proceeds need to be paid into the housing development fund, it was necessary to create a holding account that represents the unrealised funds due by long-term housing selling developments and sponsored loan debtors. This account is reduced when debtors are billed for their current loan repayments.

RESERVES
The City creates and maintains reserves in terms of specific requirements.

Capital replacement reserve (CRR)
In order to finance the acquisition of property, plant and equipment and other assets from internal sources, cash amounts are transferred from the accumulated surplus to the CRR.

The following guidelines are set for the creation and utilisation of the CRR:

- The cash funds that back up the CRR are invested until utilised.
- The CRR may only be utilised for purchasing items of property, plant and equipment, and not for their maintenance unless otherwise directed by Council.
- Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR, and the accumulated surplus is credited by a corresponding amount.

Insurance reserves
- **Self-insurance reserve**

A general insurance reserve has been established and covers claims that may occur, subject to reinsurance where deemed necessary. Premiums are charged to the respective services, taking into account the claims history and replacement value of the insured assets.

Reinsurance premiums paid to external reinsurers are regarded as an expense, and are shown as such in the statement of financial performance. The net surplus/deficit on the insurance operating account is transferred to or from the insurance reserve via the statement of changes in net assets.

A viability valuation report is obtained each year to assess the adequacy of the insurance reserve at year-end.

- **Compensation for occupational injuries and diseases (COID) reserve**

The City has been exempted from making contributions to the Compensation Commissioner for occupational injuries and diseases in terms of section 84 of the COID Act 130 of 1993.

The certificate of exemption issued by the Commissioner and prescribed by the COID Act requires the City to deposit cash and/or securities with the Commissioner, the market values of which in aggregate shall not be less than the capitalised value of the continuing liability of the City as at 31 December of each year.

The continuing liability is that of annual pensions, the capitalised value of which is determined on the basis of an actuarial determination prescribed by the Commissioner. A COID reserve has been established to equate to the value of the continuing liability. The market value of the securities is determined annually by the Commissioner, and the City is required to meet any shortfall in the aggregate value of the securities as at 31 December. Monthly pensions are funded by transferring funds from the reserve to the expense account in the statement of financial performance.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment (PPE) are stated at cost less accumulated depreciation and accumulated impairment losses. Where PPE are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Subsequent expenditure relating to PPE is capitalised if it is probable that future economic benefits or potential service delivery of the assets are enhanced in excess of the originally assessed standard of performance. If expenditure only restores the originally assessed standard of performance, it is regarded as repairs and maintenance, and is expensed.

The City maintains and acquires assets to provide a social service to the community, with no intention of disposing of the assets for any economic gain.

The gain or loss arising from the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying value, and is recognised in the statement of financial performance.

Depreciation rates

Depreciation is calculated at cost, using the straight-line method, over the estimated useful lives of the assets. The residual value, depreciation method and useful life, if significant, are reassessed annually, if there are any indication of changes, with the effect of any changes in estimate accounted for on a prospective basis. The depreciation rates are based on the following estimated useful lives:

	Years		Years
Infrastructure		**Other**	
Roads and paving	10 – 50	Buildings	2 – 50
Electricity	15 – 50	Other vehicles	4 – 15
Water	15 – 30	Office equipment	2 – 10
Sewerage	15 – 20	Watercraft	5
Telecommunications	10 – 30	Bins and containers	5
		Landfill sites	30
Housing	30	Specialised vehicles	10 – 20
		Library books	1
Community		Furniture and fittings	2 – 15
Community and recreational facilities	20 – 50	Computer equipment	2 – 7
Security	5 – 10	Plant and equipment	2 – 12
		Service concession	3 – 50

Assets under construction are carried at cost. Depreciation of an asset commences when the asset is ready for its use as intended by management. Freehold land is not depreciable, as it has an indefinite useful life.

INVESTMENT PROPERTIES

Investment properties are immovable land and/or buildings that are held to earn rental income and/or for capital appreciation. Investment property excludes owner-occupied property that is used in the production or supply of goods or services or for administrative purposes, or property held to provide a social service.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses. Where investment properties are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

Investment property other than vacant land is depreciated on the straight-line basis over the useful lives of the assets, estimated at 20 to 50 years.

An investment property is derecognised upon disposal or when it is permanently withdrawn from use, and when no future economic benefits or service potential are expected from its disposal. Any gain or loss arising from the retirement or disposal of investment property is included in the surplus or deficit in the period of such retirement or disposal.

Direct income and expenses arising from investment property are disclosed as part of general income and expenses, and are thus not disclosed separately, as they are not material.

HERITAGE ASSETS

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

Heritage assets are stated at cost less accumulated impairment losses. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition. Costs incurred to enhance or restore the heritage asset to preserve its indefinite useful life are capitalised as incurred. Day-to-day costs incurred to maintain a heritage asset are expensed.

Transfers to heritage assets are made only when the asset meets the definition of a heritage asset, and transfers from heritage assets are only made when the asset no longer meets the definition of a heritage asset. Transfers to and from heritage assets are done at the carrying amount of the assets transferred at the date of transfer.

The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value, and is recognised in the statement of financial performance. Heritage assets are not depreciated, since their long economic life and high residual value mean that any depreciation would be immaterial.

INTANGIBLE ASSETS

An intangible asset is defined as an identifiable non-monetary asset without physical substance, held for use in the production or supply of goods or services, for rental to others or for administrative purposes.

Intangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Where intangible assets are acquired through non-exchange transactions, the cost is deemed to be the item's fair value on the date of acquisition.

The City recognises computer development software costs as intangible assets if the costs are clearly associated with an identifiable and unique system controlled by the City, and have a probable benefit exceeding one year. Direct costs include software development employee costs and an appropriate portion of relevant overheads.

Amortisation rates

Intangible assets are amortised on the straight-line basis over the useful lives of the assets. The residual value, amortisation method and useful life, if significant, are reassessed annually. If there is any indication of changes, the effect of such changes in estimate is accounted for on a prospective basis.

The amortised rates are based on the following estimated useful lives:

	Years
Acquisition of rights	8
Computer software	5-10

IMPAIRMENT OF NON-CASH-GENERATING ASSETS

All municipal assets, excluding electricity assets, are classified as non-cash-generating assets.

At each reporting date, the City assesses whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the recoverable service amount of the asset is estimated to determine the extent of the impairment loss (if any).

Intangible assets not yet available for use are tested for impairment annually if there is an indication that the asset may be impaired.

The recoverable service amount of a non-cash-generating asset is the higher of fair value less costs to sell and the value-in-use. The value-in-use is the present value of the remaining service potential of the asset, and is determined using the most appropriate of the depreciated replacement cost, restoration cost or service units approach.

If the recoverable service amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. An impairment loss is recognised immediately in surplus or deficit.

IMPAIRMENT OF CASH-GENERATING ASSETS

At each reporting date, the City assesses whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the City estimates the recoverable amount of the asset.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The value-in-use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset as well as from its disposal at the end of its useful life.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation or amortisation charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term bank deposits with a maturity of three months or less from inception, readily convertible to cash without significant change in value.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

INVENTORIES
Inventories consist of consumable stock, water and other goods held for use or resale. Inventories are valued at the lower of cost (determined on the weighted-average basis) and net realisable value, except for plants and compost, which are valued at the tariffs charged.

Cost of inventories comprises all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Where inventories are acquired through a non-exchange transaction, their cost is measured at their fair value as at the date of acquisition.

Redundant and slow-moving inventories are identified and written down to their estimated net realisable values, according to their age, condition and utility. Differences arising on the measurement of such inventory at the lower of cost and net realisable value are recognised as an expense in the period during which the write-down or loss occurs.

The carrying amount of inventories are recognised as an expense in the period in which the inventory is consumed, sold, distributed or written off, unless that cost qualifies for capitalisation to the cost of another asset.

GRANTS AND TRANSFERS
Grants and transfers received or receivable are recognised as assets when the resources that have been transferred to the City meet the definition and criteria for recognition as assets.

A corresponding liability is recognised to the extent that the grant and transfer recognised as an asset, is subject to conditions that require that the City either consumes the future economic benefits or service potential of the asset as specified or that in the event that the conditions are breached the City returns such future economic benefits or service potential to the transferor. The liability is transferred to revenue when the conditions attached to the grants and transfers are met. Grants and transfers that are not subject to any conditions are recognised as revenue when the assets are initially recognised.

Interest earned on the investment of grants and transfers received is treated in accordance with the stipulations set out in the agreement for the receipt of the grant and transfer invested.

PROVISIONS
A provision is recognised when the City has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the statement of financial performance as a finance cost.

ENVIRONMENTAL REHABILITATION PROVISIONS
Estimated long-term environmental provisions, comprising rehabilitation of environmental damage and landfill site closure costs, are based on the City's policy, taking into account current technological, environmental and regulatory requirements.

The provision for rehabilitation is recognised as and when the environmental liability arises in terms of legislation. Changes in the measurement of existing environmental liabilities resulting from changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate, shall be added to or deducted from the cost of the related asset in the current period. The amount deducted from the cost of the asset shall not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognised immediately in surplus or deficit. Any unwinding of discount is charged to the statement of financial performance as a finance cost.

EMPLOYEE BENEFITS
Retirement benefit plans
The City provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which the city pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against income in the year during which they become payable.

The municipality does not apply defined-benefit accounting to the defined-benefit plans that are classified as multi-employer plans, as sufficient information is not available to apply the relevant principles. As a result, such plans are accounted for as defined-contribution plans.

EMPLOYEE BENEFITS (continued)

Post-retirement pension funds
Pensions paid to employees who had not been members of any of the official pension funds, but who are entitled to a revenue pension, are recognised as an expense when incurred. Such pension payments are funded from a staff provident fund maintained for this purpose. Entitlement to these ex-gratia pension payments is subject to compliance with an acceptable pre-condition for non-membership of any of the pension funds associated with the City.

The City makes the fund contributions on a monthly basis, which are charged to the operating account when employees have rendered the service entitling them to the contributions. Actuarial valuation of the liability is performed on an annual basis. The projected unit credit method has been used to value the obligations.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur.

Post-retirement medical aid: Continued members
The City provides post-retirement benefits by subsidising the medical aid contributions of certain retired staff. According to the rules of the medical aid funds with which the City is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the City will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract and the City's decision on protected rights. Post-retirement medical contributions paid by the City, depending on the employee's contract, could be 70% or a subsidy indicated on a sliding scale. In each case the employee is responsible for the balance of post-retirement medical contributions. External appointments after 15 December 2000 do not qualify for a post-retirement medical aid subsidy. Only registered dependants on the medical aid fund as at the date of the principal member's retirement are allowed to continue as dependants post-retirement. In the event of the death of the principal member, the remaining dependants and children continue to be subsidised, subject to the rules of the post-retirement medical aid scheme.

These contributions are charged to the operating account when employees have rendered the service entitling them to the contribution.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation, together with adjustments for the actuarial gains and losses, and past service costs.

Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains or losses are fully accounted for in the statement of financial performance in the year during which they occur. The projected unit credit method has been used to value the obligation.

Short-term and long-term employee benefits
The cost of all short-term employee benefits is recognised in the period during which the employee renders the related service. The City recognises the expected cost of performance bonuses only when the City has a present legal or constructive obligation to make such payment, and if a reliable estimate can be made.

The City provides long-service leave to eligible employees, payable on completion of years of employment. The City's liability is based on an actuarial valuation. Any unwinding of discount is charged to the statement of financial performance as an employee-related cost. Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance. The projected unit credit method has been used to value the obligation.

FINANCIAL INSTRUMENTS
Financial instruments are recognised when the City becomes a party to the contractual provisions of the instrument, and are initially measured at fair value. In the case of a financial instrument not subsequently measured at fair value through the statement of financial performance, transaction costs that are directly attributable to the acquisition or issue of the instrument are added to or deducted from the fair value as appropriate on initial recognition.

Standard of GRAP 108 on Statutory receivables do not require disclosure relating to the risk for these transactions. In the absence of such requirements the City has based its disclosure on the Standard of GRAP 104 on Financial Instruments. The risk exposure for these transactions are disclosed under a separate category "Statutory receivables" in note 1 to these financial statements.

FINANCIAL INSTRUMENTS (continued)

Non-derivative financial assets

The classification of financial assets depends on their nature and purpose, and is determined at the time of initial recognition.

- **Investments at fair value**

Non-derivative investments held without the positive intent or ability to hold to maturity. Subsequent to initial recognition, all changes to fair value are recognised through the statement of financial performance.

- **Investments at amortised cost**

Non-derivative investments with fixed or determinable payments and fixed maturity dates, which the City has the positive intent and ability to hold to maturity. Subsequent to initial recognition, such investments are measured at amortised cost using the effective interest method less any impairment.

- **Investments at cost**

Residual interests that do not have a quoted market price in an active market, and the fair value of which cannot be reliably measured. Subsequent to initial recognition, such investments are measured at cost less any impairment.

Financial assets other than those at fair value are assessed for indicators of impairment at the end of each reporting period. Impairment is considered when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the City has transferred substantially all risks and rewards of ownership, or when the enterprise loses control of contractual rights that comprise the assets.

Non-derivative financial liabilities

After initial recognition, the City measures all financial liabilities, including payables, at amortised cost, using the effective interest rate method. Financial liabilities include borrowings, other non-current liabilities (excluding provisions) and payables. Interest-bearing external loans and bank overdrafts are recorded net of direct issue costs. Finance charges, including premiums payable, are accounted for on an accrual basis.

Financial liabilities are derecognised when the obligation specified in the contract is discharged or cancelled or when it expires.

Derivative financial instruments

The City holds derivative financial instruments to hedge its foreign-currency risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognised in profit or loss.

PAYABLES

Payables are initially measured at fair value plus transactional cost, and are subsequently measured at amortised cost, using the effective interest rate method.

RECEIVABLES

Receivables that arises out contractual rights are classified contractual receivables. Receivables that arises out of the operation of law rather than contractual rights are classified statutory receivables.

Contractual receivables are recognised initially at fair value plus transactional cost, which approximates amortised cost.

Statutory receivables are initially measured at their transaction amount in accordance with the corresponding exchange or non-exchange revenue transaction and are subsequently measured at cost.

A provision for impairment of receivables is established when there is objective evidence that the City will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision for impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. Interest is charged on overdue amounts.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to approval by the appropriate delegated authority.

Amounts receivable within 12 months from the date of reporting are classified as current.

BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP standards on an accrual basis, and are consistent with the accounting policies adopted by Council for the preparation of these financial statements.

The approved budget is the most recent adjustments budget approved by Council. The final budget is the most recently approved budget that has been adjusted for changes made in terms of legislation and may not have been formally approved again by Council. Where entities are required to have the budget(s) approved again for any subsequent adjustments, the most recently approved budget becomes the final budget for purposes of disclosure.

The budget amounts are presented as a separate additional financial statement, called the statement of comparison of budget and actual amounts. Explanatory comments on material differences are provided in the notes to the financial statements.

The budget amounts are those approved by Council both prior to and during the year following a public participation process.

Comparative information is not required for, and has therefore not been presented in, the statement of comparison of budget and actual amounts.

REVENUE RECOGNITION

Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of rates, grants from National Government and Western Cape Provincial Government ('Province'), service charges, rentals, interest received and other services rendered. Revenue is recognised when it is probable that future economic benefits or services potential will flow to the City, and when these benefits can be reliably measured. Revenue arising from the application of the approved tariff charges is recognised when the relevant service is rendered, by applying the relevant authorised tariff. This includes the issuing of licences and permits.

Revenue from exchange transactions

Exchange transactions are transactions in which the City receives assets or services, or has liabilities extinguished and directly gives approximately equal value to another entity in exchange.

Service charges are levied in terms of the approved tariffs.

Credit meters are read on a periodic basis, and revenue is recognised providing that the benefits can be measured reliably. Estimates of consumption are made every other month based on consumption history. Such estimated consumption is recognised as income when invoiced, and adjusted upon subsequent actual meter readings. An accrual based on a determined consumption factor is made for consumption not measured as at the end of the financial year.
Electricity services provided on a prepayment basis are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end, based on the average consumption history.

Income in respect of housing rental and instalment sale agreements is accrued monthly.

Interest earned on investments is recognised in the statement of financial performance on a time-proportionate basis, which takes into account the effective yield on the investment. Interest may be transferred from the accumulated surplus to the housing development fund or the insurance reserve.

Interest earned on the following investments is not recognised in the statement of financial performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor 'Unutilised unspent conditional grants and receipts' if the grant conditions indicate, or where management has determined that interest is payable to the funder.

Dividends are recognised when the City's right to receive payment is established.

Income for agency services, where the City acts as an agent, is recognised monthly once the income collected on behalf of principals is earned. The income is recognised in terms of the agency agreement.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The City has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The City retains neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold.
- The amount of revenue can be reliably measured.
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

Revenue from non-exchange transactions

Non-exchange transactions are transactions where the City received revenue from another entity without giving approximately equal value in exchange.

Revenue from rates is recognised when the legal entitlement to this revenue arises and ratepayers have been duly notified. Collection charges are recognised when such amounts are legally enforceable. Interest on unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective interest rate applicable.

A composite rating system, charging different rate tariffs, is used. Rebates are granted to certain categories of ratepayers, and are deducted from revenue.

REVENUE RECOGNITION (continued)
Revenue from non-exchange transactions (continued)

Revenue from traffic fines is recognised when the fine is issued.

Donations are recognised on a cash receipt basis, or, where the donation is in the form of property, plant and equipment, when the risks or rewards of ownership have transferred to the City. Donations are measured at fair value.

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Local Government: Municipal Finance Management Act 56 of 2003, and is recognised when recovered from the responsible party.

LEASES
The City as lessee
Operating leases are those where risks and rewards of ownership are not transferred to the lessee. Payments made under operating leases are charged to the statement of financial performance on a straight-line basis over the period of the lease.

The City as lessor
Rental income from operating leases is recognised on a straight-line basis over the term of the lease.

GRANTS-IN-AID
The City transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the City does not:

- receive any goods or services directly in return as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the statement of financial performance as expenses in the period during which the events giving rise to the transfer occurred.

BORROWING COST
Borrowing costs is recognised as an expense in the period in which it is incurred.

UNAUTHORISED, IRREGULAR AND FRUITLESS AND WASTEFUL EXPENDITURE
Unauthorised, irregular and fruitless and wasteful expenditure is accounted for as an expense in the Statement of Financial Performance, and classified in accordance with the nature of the expense. Where recovered, it is subsequently accounted for as revenue.

The total amounts, nature and type of these expenditures are disclosed in note 37.

SERVICES IN KIND
Services in kind is not recognised as revenue or assets, but the nature and type of major classes of services in kind are disclosed in note 22.

RELATED PARTIES
A related party is a person or an entity with the ability to control the Entity either individually or jointly, or the ability to exercise significant influence over the City, or vice versa.

Management is regarded as a related party, and comprises the councillors, Executive Mayor, Executive Deputy Mayor, Mayoral Committee (Mayco) members, City Manager and executive directors.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

Rand thousands (R'000)

	Note	2020	Restated[1] 2019
ASSETS			
Non-current assets		**56 552 793**	**52 547 899**
Property, plant and equipment	2	49 082 175	45 703 232
Heritage assets	3	10 269	10 280
Investment property	4	581 247	582 961
Intangible assets	5	599 678	693 178
Investments	6	6 267 808	5 342 559
Long-term receivables	7	11 616	215 689
Current assets		**19 584 521**	**18 405 664**
Inventory	8	431 504	435 991
Receivables	9	7 341 873	7 009 230
Investments	6	2 436 051	2 532 330
Current portion of long-term receivables	7	8 524	8 838
Cash and cash equivalents	10	9 366 569	8 419 275
TOTAL ASSETS		**76 137 314**	**70 953 563**
LIABILITIES			
Non-current liabilities		**13 299 092**	**13 148 024**
Borrowings	11	6 871 889	6 270 937
Provisions	13	6 427 203	6 877 087
Current liabilities		**9 777 564**	**9 114 290**
Deposits	14	419 421	410 962
Provisions	15	1 384 347	1 147 975
Payables from exchange transactions	16	5 961 972	5 699 317
Unspent conditional grants and receipts	17	1 392 172	1 298 170
Value-added tax	18	173 298	130 270
Current portion of borrowings	11	446 354	427 596
TOTAL LIABILITIES		**23 076 656**	**22 262 314**
NET ASSETS			
Total net assets		**53 060 658**	**48 691 249**
Housing development fund	19	463 210	409 351
Reserves		5 175 985	4 389 568
Accumulated surplus		47 421 463	43 892 330
TOTAL NET ASSETS AND LIABILITIES		**76 137 314**	**70 953 563**

[1] *Comparative restated: see note 35 for more details.*

CITY OF CAPE TOWN
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STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Note	2020	2019
REVENUE			
Exchange revenue		**23 534 038**	**22 372 280**
Service charges	20	20 880 394	19 765 158
Rental of letting stock and facilities		430 719	460 383
Finance income	21	1 582 511	1 391 166
Licences and permits		38 599	58 078
Agency services		200 585	230 144
Other income	22	348 779	344 089
Gains on disposal of property, plant and equipment		52 451	123 262
Non-exchange revenue		**21 116 163**	**20 293 156**
Finance income	21	109 465	92 302
Other income	22	370 404	242 162
Property rates	23	9 841 785	9 319 556
Fuel levy		2 570 486	2 558 136
Fines, penalties and forfeits		1 288 976	1 459 194
Government grants and subsidies	24	6 868 796	6 548 361
Public contributions	25	66 251	73 445
Total revenue		**44 650 201**	**42 665 436**
EXPENDITURE			
Employee-related costs	26	12 776 709	12 335 769
Remuneration of councillors	38.2.1	158 912	152 357
Impairment costs	27	2 882 571	1 767 257
Collection costs		195 816	216 234
Depreciation and amortisation expenses [1]	2,4,5	2 901 939	2 802 364
Finance costs	28	807 898	753 155
Bulk purchases	29	9 871 770	8 644 621
Contracted services	30	2 113 850	2 009 736
Grants and subsidies paid		313 955	226 657
General expenses	31	8 251 342	7 505 576
Losses on disposal of property, plant and equipment		6 030	9 647
Total expenditure		**40 280 792**	**36 423 373**
NET SURPLUS FROM OPERATIONS		**4 369 409**	**6 242 063**

[1] *See Annexure B for more details.*

CITY OF CAPE TOWN
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STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Housing development fund	Capital replacement reserve	Insurance reserves	Accumulated surplus	Total
2019					
Balance as at 1 July 2018	**359 289**	**2 527 463**	**578 328**	**38 984 106**	**42 449 186**
Surplus for the year	-	-	-	6 242 063	6 242 063
Transfer to/(from)	59 695	1 940 663	10 447	(2 010 805)	-
Property, plant and equipment purchased	(9 633)	(667 333)	-	676 966	-
Balance as at 30 June 2019	**409 351**	**3 800 793**	**588 775**	**43 892 330**	**48 691 249**
2020					
Surplus for the year	-	-	-	4 369 409	4 369 409
Transfer to/(from)	74 639	1 540 734	26 046	(1 641 419)	-
Property, plant and equipment purchased	(20 780)	(780 363)	-	801 143	-
Balance as at 30 June 2020	**463 210**	**4 561 164**	**614 821**	**47 421 463**	**53 060 658**

CITY OF CAPE TOWN
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CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Note	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		39 347 730	38 596 345
Cash paid to suppliers and employees		(33 265 559)	(30 085 454)
Cash generated from operations	32	6 082 171	8 510 891
Finance income		1 642 305	1 427 759
Finance costs		(718 927)	(692 316)
NET CASH FROM OPERATING ACTIVITIES		**7 005 549**	**9 246 334**
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and other		(5 970 668)	(5 392 818)
Proceeds on disposal of assets		73 195	151 009
Decrease in long-term receivables		10 826	7 513
Increase in investments		(886 819)	(936 202)
NET CASH FROM INVESTING ACTIVITIES		**(6 773 466)**	**(6 170 498)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1 091 580	196 420
Repayment of borrowings		(384 828)	(368 901)
Increase in deposits		8 459	29 302
NET CASH FROM FINANCING ACTIVITIES		**715 211**	**(143 179)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**947 294**	**2 932 657**
Cash and cash equivalents at the beginning of the year		8 419 275	5 486 618
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**9 366 569**	**8 419 275**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Note	Approved budget [1]	Final budget [1]	Actual per annual financial statements classification	Classification differences [1]	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
STATEMENT OF FINANCIAL POSITION	36.2.1							
Total non-current assets		55 951 867	55 951 867	56 552 793	-	56 552 793	(600 926)	(1,07)
Total current assets		18 040 216	18 040 216	19 584 521	-	19 584 521	(1 544 305)	(8,56)
Total assets		**73 992 083**	**73 992 083**	**76 137 314**	**-**	**76 137 314**	**(2 145 231)**	**(2,90)**
Total non-current liabilities	i	14 923 026	14 923 026	13 299 092	-	13 299 092	1 623 934	10,88
Total current liabilities	ii	8 163 924	8 163 924	9 777 564	-	9 777 564	(1 613 640)	(19,77)
Total liabilities		**23 086 950**	**23 086 950**	**23 076 656**	**-**	**23 076 656**	**10 294**	**0,04**
Total net assets		50 905 133	50 905 133	53 060 658	-	53 060 658	(2 155 525)	(4,23)
Total net assets and liabilities		**73 992 083**	**73 992 083**	**76 137 314**	**-**	**76 137 314**	**(2 145 231)**	**(2,90)**
FINANCIAL PERFORMANCE	36.2.2							
Property rates		9 897 154	9 897 154	9 841 785	239 394	10 081 179	(184 025)	(1,86)
Service charges		19 705 480	19 705 480	20 880 394	(779 933)	20 100 461	(394 981)	(2,00)
Investment revenue	i	912 473	912 473	1 691 976	(408 418)	1 283 558	(371 085)	(40,67)
Transfers recognised - operational		7 861 301	7 861 301	4 957 485	2 596 213	7 553 698	307 603	3,91
Other own revenue	ii	2 877 662	2 877 662	5 300 999	(1 938 351)	3 362 648	(484 986)	(16,85)
Total revenue (excluding capital transfers and contributions)		**41 254 070**	**41 254 070**	**42 672 639**	**(291 095)**	**42 381 544**	**(1 127 474)**	**(2,73)**
Employee costs		13 957 734	13 937 541	12 776 709	(1 296)	12 775 413	1 162 128	8,34
Remuneration of councillors		179 818	179 818	158 912	8 608	167 520	12 298	6,84
Debt impairment	iii	2 487 569	2 487 569	2 804 042	-	2 804 042	(316 473)	(12,72)
Depreciation and asset impairment		3 040 783	3 040 783	2 921 723	-	2 921 723	119 060	3,92
Finance charges		800 816	802 386	807 898	6 509	814 407	(12 021)	(1,50)
Materials and bulk purchases		11 200 361	11 164 658	9 871 770	1 297 840	11 169 610	(4 952)	(0,04)
Transfers and grants	iv	592 157	598 468	313 955	139 509	453 464	145 004	24,23
Other expenditure		9 179 521	9 227 536	10 625 783	(1 767 992)	8 857 791	369 745	4,01
Total expenditure		**41 438 759**	**41 438 759**	**40 280 792**	**(316 822)**	**39 963 970**	**1 474 789**	**3,56**
Surplus		**(184 689)**	**(184 689)**	**2 391 847**	**25 727**	**2 417 574**	**(2 602 263)**	
Transfers recognised - capital	v	2 398 573	2 398 573	1 911 311	40 524	1 951 835	446 738	18,63
Contributions recognised - capital and contributed assets		-	-	66 251	(66 251)	-	-	-
Surplus after capital transfers and contributions		**2 213 884**	**2 213 884**	**4 369 409**	**-**	**4 369 409**	**(2 155 525)**	**(97,36)**

[1] See note 36 for more details.

CITY OF CAPE TOWN
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STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS (continued)

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	Note	Approved budget [1]	Final budget [1]	Actual per annual financial statements classification	Recognition differences [1]	Actual per budget classification	Variance: Final budget and actual amounts	Variance %
CASH FLOW STATEMENT	36.2.3							
Net cash from operating	i	4 575 259	4 575 259	7 005 549	-	7 005 549	(2 430 290)	(53,12)
Net cash from investing		(6 211 573)	(6 211 573)	(6 773 466)	-	(6 773 466)	561 893	(9,05)
Net cash from financing		747 798	747 798	715 211	-	715 211	32 587	4,36
Net increase in cash and cash equivalents		**(888 516)**	**(888 516)**	**947 294**	**-**	**947 294**	**(1 835 810)**	**206,62**
Cash/cash equivalents at the year end		**7 530 759**	**7 530 759**	**9 366 569**	**-**	**9 366 569**	**(1 835 810)**	**(24,38)**
CAPITAL EXPENDITURE	36.3.1							
Community Services and Health	i	331 634	331 634	283 502	(49)	283 453	48 181	14,53
Corporate Services	ii	172 410	172 410	157 647	-	157 647	14 763	8,56
Economic Opportunities and Asset Management		399 051	399 051	391 416	-	391 416	7 635	1,91
Energy and Climate Change	iii	697 874	697 874	622 239	-	622 239	75 635	10,84
Finance	iv	92 524	92 524	63 051	-	63 051	29 473	31,85
Human Settlements		899 243	899 243	1 050 193	(191 896)	858 297	40 946	4,55
Office of the City Manager	v	1 418	1 418	1 329	-	1 329	89	6,28
Safety and Security		437 414	437 414	429 428	-	429 428	7 986	1,83
Spatial Planning and Environment	vi	58 186	58 186	54 787	(11)	54 776	3 410	5,86
Transport	vii	1 245 863	1 245 863	873 070	-	873 070	372 793	29,92
Urban Management	viii	83 761	83 761	57 351	-	57 351	26 410	31,53
Water and Waste Services	ix, x	2 289 261	2 289 261	2 140 071	38 540	2 178 611	110 650	4,83
Total		**6 708 639**	**6 708 639**	**6 124 084**	**(153 416)**	**5 970 668**	**737 971**	**11,00**

[1] *See note 36 for more details.*

CITY OF CAPE TOWN
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1. FINANCIAL RISK MANAGEMENT

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the City's operations. This note presents information about the City's exposure to each of the above risks, policies and processes for measuring and managing risk, as well as the City's management of capital. Further quantitative disclosures are included throughout these financial statements.

The accounting policy for financial instruments was applied to the following statement of financial position items:

	Amortised cost	Fair value	Cost	Total carrying amount	Fair value
2020					
Financial assets					
Investments	2 916 392	5 480 025	307 442	8 703 859	8 852 806
Long-term receivables	20 140	-	-	20 140	20 140
Contractual receivables	4 152 881	-	-	4 152 881	4 152 881
Cash and cash equivalents	8 097 003	1 269 566	-	9 366 569	9 366 569
TOTAL	**15 186 416**	**6 749 591**	**307 442**	**22 243 449**	**22 392 396**
Statutory assets					
Receivables	**3 130 318**	**-**	**-**	**3 130 318**	**3 130 318**
2019					
Financial assets					
Investments	2 644 041	4 864 661	366 187	7 874 889	7 959 637
Long-term receivables	32 631	-	-	32 631	32 631
Contractual receivables	4 153 072	-	-	4 153 072	4 153 072
Cash and cash equivalents	7 737 549	681 726	-	8 419 275	8 419 275
TOTAL	**14 567 293**	**5 546 387**	**366 187**	**20 479 867**	**20 564 615**
Statutory assets					
Receivables	**2 739 762**	**-**	**-**	**2 739 762**	**2 739 762**

The 2019 comparative amount has been restated - see note 35.

	Amortised cost	Total carrying amount	Fair value
2020			
Non-derivative financial liabilities			
Borrowings	7 318 243	7 318 243	8 005 509
Payables	4 971 265	4 971 265	4 971 265
TOTAL	**12 289 508**	**12 289 508**	**12 976 774**
2019			
Non-derivative financial liabilities			
Borrowings	6 698 533	6 698 533	7 209 661
Payables	4 785 319	4 785 319	4 785 319
TOTAL	**11 483 852**	**11 483 852**	**11 994 980**
Derivative financial liabilities			
Forward exchange contracts	**56**	**56**	**56**

1. FINANCIAL RISK MANAGEMENT (continued)

1.1 Fair values

The table below analyses financial instruments carried at fair value at the end of the reporting period, by level of fair-value hierarchy. The different levels are based on the extent to which quoted prices are used in the calculation of the fair value of the financial instruments, and have been defined as follows:

Level 1: Fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2: Fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data, and the unobservable inputs have a significant effect on the instrument's valuation. Also, this category includes instruments that are valued based on quoted prices for similar instruments, where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

	Level 1	Level 2	Level 3	Total
2020				
Financial assets				
Investments	2 044 201	3 435 824	-	5 480 025
Cash and cash equivalents	-	1 269 566	-	1 269 566
TOTAL	**2 044 201**	**4 705 390**	**-**	**6 749 591**
2019				
Financial assets				
Investments	4 250 245	614 416	-	4 864 661
Cash and cash equivalents	-	681 726	-	681 726
TOTAL	**4 250 245**	**1 296 142**	**-**	**5 546 387**

	Level 1	Level 2	Level 3	Total
2020				
Financial liabilities				
Borrowings	**7 318 243**	**-**	**-**	**7 318 243**
2019				
Financial liabilities				
Borrowings	**6 698 533**	**-**	**-**	**6 698 533**
Derivative financial liabilities				
Forward exchange contracts	**56**	**-**	**-**	**56**

1. FINANCIAL RISK MANAGEMENT (continued)

1.2 Liquidity risk

Liquidity risk is the risk of the City not being able to meet its obligations as they fall due. The City's approach to managing liquidity risk is to ensure that sufficient cash is available to meet its expected operating expenses and liabilities when due, without incurring unacceptable losses or risking damage to the City's reputation. This is achieved by using cash flow forecasts.

The following are contractual liabilities of which interest is included in borrowings:

	Up to 1 year	1-5 years	>5 years	Total
2020				
Non-derivative financial liabilities				
Borrowings	1 177 684	7 744 016	1 732 430	10 654 130
Capital repayments	446 355	5 492 296	1 379 592	7 318 243
Interest	731 329	2 251 720	352 838	3 335 887
Payables	4 971 265	-	-	4 971 265
TOTAL	**6 148 949**	**7 744 016**	**1 732 430**	**15 625 395**

1.3 Credit risk

Credit risk is the risk of financial loss to the City if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the City's investments, receivables, and cash and cash equivalents.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at 30 June was as follows:

	2020	2019
Financial assets	**21 941 326**	**20 118 999**
Investments	8 401 736	7 514 021
Long-term receivables – see note 7	20 140	32 631
Receivables	4 152 881	4 153 072
Cash and cash equivalents	9 366 569	8 419 275
Statutory assets		
Receivables	3 130 318	2 739 762
TOTAL	**25 071 644**	**22 858 761**

The 2019 comparative amount has been restated - see note 35.

Investments and cash and cash equivalents

The City limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with Council's approved cash management and investment policy. Consequently, the City does not consider there to be any significant exposure to credit risk.

Long-term receivables

Loans were granted and are managed in accordance with policies and regulations as set out in note 7. The associated interest rates and repayments are clearly defined and, where appropriate, the City obtains certain suitable forms of security when granting loans. Allowances for impairment are made in certain instances. No further loans have been awarded.

Receivables

Receivables are amounts owing by consumers, and are presented net of impairment losses. The City has a credit risk policy in place, and the exposure to credit risk is monitored on an ongoing basis. The City is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services, without recourse to an assessment of creditworthiness. There were no material changes in its objectives, policies and processes for managing and measuring the risk during the year in review. The City's strategy for managing its risk includes encouraging residents to install water demand management devices that control water flow to households, as well as prepaid electricity meters. In certain instances, a deposit is required for new service connections.

1. FINANCIAL RISK MANAGEMENT (continued)

1.3 Credit risk (continued)

Receivables (continued)

The City's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The City has no significant concentration of credit risk, with exposure spread over multiple consumers and not concentrated in any particular sector or geographic area. The City establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. The outstanding amounts of the ten largest trade debtors represent R231,06 million (2019: R174,30 million). The average credit period on services rendered is 30 days from date of invoice. Interest is raised at prime plus 1% on any unpaid accounts after the due date. The City has provided fully for all receivables outstanding over 365 days. Receivables up to 365 days are provided for based on estimated irrecoverable amounts, determined by reference to past default experience. Additional information relating to the analysis of receivables is given in note 9.

Payments on accounts of consumer debtors who are unable to pay due to an adverse change in their circumstances are renegotiated as part of an ongoing customer relationship. Traffic fines can be disputed in writing and can lead to a renegotiated fine.

1.4 Capital management

The primary objective of managing the City's capital is to ensure that there is sufficient cash available to support the City's funding requirements, including capital expenditure, so that the City remains financially sound. This is done by means of the following key ratios:

- **Cost coverage ratio**, which is used to calculate the City's ability to meet its monthly operating commitments from cash and short-term investments without collecting any additional revenue, during that month.
- **Net-debt-to-income ratio**, which is used to determine the affordability of total borrowings to be funded from operating revenue.

1.5 Price risk

The City is exposed to price risk because of investments held by the City and classified as financial instruments carried at fair value. The City is not exposed to commodity price risk. To manage its price risk arising from investments, the City diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the City. The exposure to price risk is not material to the City and, consequently, is not elaborated on any further.

1.6 Market risk

Market risk is the risk that changes in market prices such as interest rates and foreign-exchange rates may affect the City's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

1.6.1 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument may fluctuate because of changes in market interest rates. The City's exposure to the risk of changes in market rates relates primarily to the City's investments with floating interest rates.

The effective rates on financial instruments as at 30 June 2020 were as follows:

		MATURITY OF INTEREST-BEARING ASSETS/LIABILITIES			
	Weighted average interest rate %	1 year or less	1-5 years	>5 years	Total
2020					
Financial assets					
Investments	7,720	3 705 617	5 867 819	97 866	9 671 302
Cash and cash equivalents	4,770	8 097 003	-	-	8 097 003
TOTAL		**11 802 620**	**5 867 819**	**97 866**	**17 768 305**
Financial liabilities					
Borrowings	9,941	**446 355**	**5 492 296**	**1 379 592**	**7 318 243**

1. FINANCIAL RISK MANAGEMENT (continued)
1.6 Market risk (continued)

1.6.1 Interest rate risk (continued)

Sensitivity analysis

Financial assets

As at 30 June 2020, if the weighted average interest rate at that date had been 100 basis points higher, with all other variables held constant, the fair-value impact on the statement of financial performance would have been R181,29 million with the opposite effect if the interest rate had been 100 basis points lower. The sensitivity analysis is performed by dividing the total investment interest earned for the year by the average interest rate earned to give the effect of a one-percent movement in interest rates.

Financial liabilities

Changes in the interest rate as at 30 June 2020 would have had no impact on the statement of financial performance as all borrowings are at a fixed interest rate.

1.6.2 Currency risk

The City is exposed to foreign-currency risk through the importation of goods and services, either directly or indirectly, through the award of contracts to local importers. The City manages any material direct exposure to foreign-currency risk by entering into forward exchange contracts. The City manages its indirect exposure by requiring the local importer to take out a forward exchange contract at the time of procurement, so as to predetermine the rand value of the contracted goods or services.

2. PROPERTY, PLANT AND EQUIPMENT

	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	4 501 874	(1 044 104)	3 457 770	4 159 361	(984 941)	3 174 420
Infrastructure	46 606 369	(14 877 557)	31 728 812	42 645 904	(13 397 550)	29 248 354
Community	5 121 508	(1 642 841)	3 478 667	9 483 241	(3 238 814)	6 244 427
Other	11 124 561	(6 242 704)	4 881 857	10 106 002	(5 788 178)	4 317 824
Service concession	6 123 470	(2 660 250)	3 463 220	1 382 175	(675 334)	706 841
Housing rental stock	3 237 642	(1 165 793)	2 071 849	3 102 806	(1 091 440)	2 011 366
TOTAL	**76 715 424**	**(27 633 249)**	**49 082 175**	**70 879 489**	**(25 176 257)**	**45 703 232**

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2020							
Land and buildings	3 174 420	192 800	149 700	-	(59 148)	(2)	3 457 770
Infrastructure	29 248 354	(224 966)	4 211 042	-	(1 491 229)	(14 389)	31 728 812
Community	6 244 427	(2 828 840)	175 240	-	(112 122)	(38)	3 478 667
Other	4 317 824	(78 418)	1 417 983	(15 924)	(758 114)	(1 494)	4 881 857
Service concession	706 841	2 927 392	63 478	(4 918)	(225 712)	(3 861)	3 463 220
Housing rental stock	2 011 366	92 671	74 062	(5 915)	(100 335)	-	2 071 849
TOTAL	**45 703 232**	**80 639**	**6 091 505**	**(26 757)**	**(2 746 660)**	**(19 784)**	**49 082 175**

(See annexure B for more details.)

	Opening balance	Transfers/ adjustments	Additions	Disposals	Depreciation	Impairment	Carrying value
As at 30 June 2019							
Land and buildings	2 903 652	264 090	66 739	-	(56 132)	(3 929)	3 174 420
Infrastructure	27 016 508	(140 645)	3 768 873	(38)	(1 393 773)	(2 571)	29 248 354
Community	6 271 699	32 650	226 581	-	(286 503)	-	6 244 427
Other	4 032 778	(189 543)	1 217 936	(19 384)	(721 096)	(2 867)	4 317 824
Service concession	834 507	-	121	(11 910)	(95 846)	(20 031)	706 841
Housing rental stock	2 094 622	15 729	6 597	(6 037)	(99 295)	(250)	2 011 366
TOTAL	**43 153 766**	**(17 719)**	**5 286 847**	**(37 369)**	**(2 652 645)**	**(29 648)**	**45 703 232**

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Assets under construction – carrying value	2020	2019
Infrastructure	3 096 336	2 525 750
Community	98 487	168 214
Service Concession	39 276	-
Other	279 911	218 124
TOTAL	**3 514 010**	**2 912 088**

PPE projects delayed

Significantly

Infrastructure	12 050	13 517
Community	5 864	568
TOTAL	17 914	14 085

The significant delays in the current year are mainly due to delays in the completion of certain Information Systems and Technology (IS&T) broadband infrastructure worth R4,92 million and the roll-out of a new law enforcement base worth R5,21 million.

Halted

Infrastructure	4 052	133 996
Community	379	17 366
TOTAL	4 431	151 362

The halted projects in the current year are mainly due to temporary shutdown of turbines at the Wemmershoek Dam worth R3,17 million.

Capital commitments - approved and contracted for capital expenditure	2020	2019
Infrastructure	3 465 411	3 294 374
Community	35 866	3 864
Other	154 538	56 299
TOTAL	**3 655 815**	**3 354 537**

Capital contractual commitments represent future capital expenditure, exclusive of VAT. The City is obligation to spend these amounts due to signed contracts with suppliers.

Repairs and maintenance
An amount of R2.69 billion (2019: R2.58 billion) was spent during the year under review. In determining this amount, the City has exclusively disclosed amounts charged by service providers.

Residual value
During the current financial year, the City reviewed the estimated useful lives and residual values of property, plant and equipment, where appropriate (see note 35.)

Impairment of non-cash-generating assets
The recoverable amount of impaired assets is R0.76 million (2019: R12,77 million). Impairment losses arise mainly from damage to City movable and immovable assets due to accidents and protest actions as well as the halt in production at temporary water desalination plants.

Service concession assets
The City has made service concession arrangements with three operators on the MyCiTi IRT system as well as with the Cape Town Stadium (RF) SOC. Included are IRT buses, related depots and the Cape Town Stadium. The City does however retain full control over the nature and extent of the services that the operators must perform.

3. HERITAGE ASSETS

	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Paintings and museum items	10 269	-	10 269	10 280	-	10 280

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Disposals	Carrying value
As at 30 June 2020					
Paintings and museum items	10 280	-	-	(11)	10 269
(See annexure B for more details.)					
As at 30 June 2019					
Paintings and museum items	8 891	-	1 389	-	10 280

Heritage assets are held at cost, as it is impractical to determine their fair value.

4. INVESTMENT PROPERTY

	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated depreciation	Carrying value	Cost price	Accumulated depreciation	Carrying value
Land and buildings	642 643	(61 396)	581 247	642 643	(59 682)	582 961

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Depreciation	Disposals	Carrying value
As at 30 June 2020						
Land and buildings	582 961	-	-	(1 714)	-	581 247
(See annexure B for more details.)						
As at 30 June 2019						
Land and buildings	584 713	(13)	-	(1 714)	(25)	582 961

5. INTANGIBLE ASSETS

	As at 30 June 2020			As at 30 June 2019		
	Cost price	Accumulated amortisation	Carrying value	Cost price	Accumulated amortisation	Carrying value
Acquisition of rights	561 441	(424 815)	136 626	561 441	(354 637)	206 804
Computer software	1 188 862	(725 810)	463 052	1 129 306	(642 932)	486 374
TOTAL	**1 750 303**	**(1 150 625)**	**599 678**	**1 690 747**	**(997 569)**	**693 178**

Reconciliation

	Opening balance	Transfers/ adjustments	Additions	Amortisation	Disposal	Carrying value
As at 30 June 2020						
Acquisition of rights	206 804	-	-	(70 178)	-	136 626
Computer software	486 374	27 492	32 579	(83 387)	(6)	463 052
TOTAL	**693 178**	**27 492**	**32 579**	**(153 565)**	**(6)**	**599 678**

(See annexure B for more details.)

As at 30 June 2019						
Acquisition of rights	276 984	-	-	(70 180)	-	206 804
Computer software	439 025	17 732	107 442	(77 825)	-	486 374
TOTAL	**716 009**	**17 732**	**107 442**	**(148 005)**	**-**	**693 178**

Repairs and maintenance
An amount of R2,37 million (2019: R4,58 million) was spent during the year under review. In determining this amount, the City has exclusively disclosed amounts charged by service providers.

6. INVESTMENTS

	Amortised cost	Fair value	Cost	Total
As at 30 June 2020				
RSA Government stock	72 006	-	-	72 006
Guaranteed investment instruments – see note 11	2 771 233	-	-	2 771 233
Other fixed deposits	7 898 190	-	-	7 898 190
Deposits held with fund managers	-	6 749 591	-	6 749 591
Shares in CTICC	-	-	833 998	833 998
	10 741 429	6 749 591	833 998	18 325 018
Provision for impairment	(5 319)	-	(526 556)	(531 875)
Net investments	10 736 110	6 749 591	307 442	17 793 143
Transferred to current investments	(96 553)	(2 339 498)	-	(2 436 051)
Transferred to cash and cash equivalents – see note 10	(7 819 718)	(1 269 566)	-	(9 089 284)
TOTAL	**2 819 839**	**3 140 527**	**307 442**	**6 267 808**

As at 30 June 2019				
RSA Government stock	82 567	-	-	82 567
Guaranteed investment instruments – see note 11	2 503 446	-	-	2 503 446
Other fixed deposits	7 498 423	-	-	7 498 423
Deposits held with fund managers	-	5 546 387	-	5 546 387
Shares in CTICC	-	-	833 998	833 998
	10 084 436	5 546 387	833 998	16 464 821
Provision for impairment	(5 319)	-	(467 811)	(473 130)
Net investments	10 079 117	5 546 387	366 187	15 991 691
Transferred to current investments	(73 333)	(2 458 997)	-	(2 532 330)
Transferred to cash and cash equivalents – see note 10	(7 435 076)	(681 726)	-	(8 116 802)
TOTAL	**2 570 708**	**2 405 664**	**366 187**	**5 342 559**

6. INVESTMENTS (continued)

Guaranteed investment instruments
A total of R2,77 billion (2019: R2,50 billion) has been ring-fenced for repayment of the long-term liabilities – see note 11.

Collateral deposits for staff housing loans
Included in other fixed deposits were fixed deposits which have been reduced to a carrying value of Rnil in the current year (2019: R20 thousand), which were pledged as security deposits for securing staff home loans with financial institutions.

No further pledges of this kind will be made in the future as the City has not issued fixed deposits as security since 2000.

Cape Town International Convention Centre Company (RF) SOC Ltd (CTICC)
The cost of the City's investment in CTICC at 30 June 2020 is R833,99 million (2019: R833,99 million) and the impairment loss provision is R526,56 million (2019: R467,81 million). At year end an impairment assessment was made based on the projected cash flows of the entity. Based on the calculation, a fair value of R307,44 million was determined. This resulted in an increase of R58,75 million in the impairment.

Cape Town Stadium (RF) SOC Ltd
The City is the sole shareholder of the Cape Town Stadium (RF) SOC Limited, which started operating as a municipal entity from 1 February 2018. The City is the holder of 100 ordinary shares issued with no par value.

Compensation for occupational injuries and diseases (COID investments)
In terms of the COID Act 130 of 1993, the Compensation Commissioner (Department of Labour) is required to hold investments and guarantees as security for the City's liabilities under the act. The amounts constitute RSA Government stock (bonds) of R72,01 million (2019: R82,57 million) and cash backed guarantees of R78,47 million (2019: R63,34 million).

7. LONG-TERM RECEIVABLES

	2020	2019
Exchange transactions		
	493	624
Other	703	897
Provision for impairment	(210)	(273)
	19 647	32 007
Housing selling developments	23 256	33 888
Provision for impairment	(3 609)	(1 881)
Payments made in advance	-	191 896
	20 140	**224 527**
Transferred to current receivables	(8 524)	(8 838)
TOTAL	**11 616**	**215 689**

	2020	2019
Reconciliation of impairment provision		
Balance at beginning of the year	2 154	12 002
Contribution to/(from) provisions	1 665	(9 848)
Balance as at 30 June	**3 819**	**2 154**

7.1 Other

Sporting bodies
To facilitate the development of sporting facilities, loans were historically issued to provide the necessary financial assistance. These loans attract interest at a rate of 3,63% to 12% per annum, and are repayable over a maximum period of 20-40 years.

Housing land sale
The long-term loan to the Khayelitsha Community Trust (KCT) (sale of portion 1 to 3, erf 58856) is repayable over 18 years. Annual payments are received, with the final payment due in 2024.

Public organisations
Loans to public organisations were granted in terms of the National Housing Policy. At present, these loans attract interest at 1%, and are repayable over 30 years. With the implementation of the Municipal Finance Management Act (MFMA) and the Housing Act, no further loans have been awarded.

7. LONG-TERM RECEIVABLES (continued)

7.2 Housing selling development loans

Housing loans were historically granted to qualifying individuals in terms of the National Housing Policy. These loans currently attract interest at 10% (2019:10,25%) per annum, and are repayable over 20 years. The interest rate is determined by Council policy.

The gross debt has decreased due to the implementation of the ownership regularisation programme, which helps raise awareness of the enhanced extended discount benefit scheme. This scheme assists qualifying beneficiaries and occupants with subsidies to accelerate the transfer of their properties, resulting in an increase in the level of payments received, and has therefore seen a significant decrease in the provision for impairment.

7.3 Payments made in advance

A payment relating to the Urban Settlement Development Grant (USDG) was paid in advance to Province - Department of Human Settlements for the construction of certain housing development infrastructure. In the current year these projects were completed and the infrastructure transferred to the City of Cape Town.

8. INVENTORY

	2020	2019
Consumable stock	293 414	329 491
Water	48 686	48 631
Other goods held for use/resale	89 404	57 869
TOTAL	**431 504**	**435 991**

Inventory to the value of R3,56 million (2019: R0,52 million) was scrapped and R468,25 million (2019: R579,57 million) was expensed during the year.

9. RECEIVABLES

	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
Statutory	**5 981 539**	**(2 851 221)**	**3 130 318**	**5 287 067**	**(2 547 305)**	**2 739 762**
From non-exchange transactions	**5 981 539**	**(2 851 221)**	**3 130 318**	**5 287 067**	**(2 547 305)**	**2 739 762**
Property rates debtors	3 715 763	(1 202 448)	2 513 315	3 236 992	(989 747)	2 247 245
CIDs property rates debtors	76 256	(6 463)	69 793	61 316	(4 966)	56 350
Government subsidies	205 828	-	205 828	99 856	-	99 856
Traffic fines	1 983 692	(1 642 310)	341 382	1 888 903	(1 552 592)	336 311
Contractual	**9 139 683**	**(4 928 128)**	**4 211 555**	**8 148 111**	**(3 878 643)**	**4 269 468**
From exchange transactions	**9 122 108**	**(4 928 128)**	**4 193 980**	**8 115 989**	**(3 878 643)**	**4 237 346**
Electricity	2 093 357	(460 315)	1 633 042	1 831 809	(359 865)	1 471 944
Water	3 059 307	(2 071 523)	987 784	3 024 398	(1 623 589)	1 400 809
Waste management	920 905	(584 422)	336 483	687 999	(398 871)	289 128
Wastewater management	1 379 083	(744 736)	634 347	1 100 529	(584 132)	516 397
Housing rental stock	762 096	(687 007)	75 089	714 284	(579 722)	134 562
Housing selling stock	200 897	(181 186)	19 711	198 517	(173 756)	24 761
Other receivables	647 789	(198 939)	448 850	442 057	(158 708)	283 349
Payments made in advance	58 674	-	58 674	116 396	-	116 396
From non-exchange transactions	**17 575**	**-**	**17 575**	**32 122**	**-**	**32 122**
Other receivables	17 575	-	17 575	32 122	-	32 122
TOTAL	**15 121 222**	**(7 779 349)**	**7 341 873**	**13 435 178**	**(6 425 948)**	**7 009 230**

As at 30 June 2020, the City's receivables balance included an amount of approximately R267,00 million (2019: R241,28 million), owed by National Government and Province.

9. RECEIVABLES (continued)

RECONCILIATION OF IMPAIRMENT PROVISION

2020	Statutory	Contractual	TOTAL
Balance at beginning of the year	2 547 305	3 878 643	6 425 948
Contributions to provisions	1 276 221	1 498 184	2 774 405
Transfers from provisions	(5 684)	(45 405)	(51 089)
Bad debts written off	(966 621)	(403 294)	(1 369 915)
Balance as at 30 June	**2 851 221**	**4 928 128**	**7 779 349**

2019			
Balance at beginning of the year	2 275 223	3 640 134	5 915 357
Contributions to provisions	1 280 079	664 000	1 944 079
Transfers from provisions	(6 087)	(1 128)	(7 215)
Bad debts written off	(1 001 910)	(424 363)	(1 426 273)
Balance as at 30 June	**2 547 305**	**3 878 643**	**6 425 948**

The 2019 comparative amount has been restated - see note 35.

ANALYSIS OF RECEIVABLES' AGE IN DAYS

	STATUTORY RECEIVABLES					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM NON-EXCHANGE TRANSACTIONS	**5 981 539**	**(2 851 221)**	**3 130 318**	**5 287 067**	**(2 547 305)**	**2 739 762**
Property rates debtors	**3 715 763**	**(1 202 448)**	**2 513 315**	**3 236 992**	**(989 747)**	**2 247 245**
Not past due date	1 664 655	-	1 664 655	1 785 698	(75 870)	1 709 828
Past due						
0-90	528 212	(4 820)	523 392	160 524	(6 820)	153 704
91-180	227 587	(36 408)	191 179	172 572	(7 332)	165 240
181-365	250 488	(110 490)	139 998	228 168	(9 695)	218 473
365+	1 044 821	(1 050 730)	(5 909)	890 030	(890 030)	-
CIDs property rates debtors	**76 256**	**(6 463)**	**69 793**	**61 316**	**(4 966)**	**56 350**
Not past due date	31 228	(418)	30 810	27 493	(1 912)	25 581
Past due						
0-90	26 400	(354)	26 046	9 035	(628)	8 407
91-180	7 631	(102)	7 529	17 445	(1 213)	16 232
181-365	5 481	(73)	5 408	6 589	(459)	6 130
365+	5 516	(5 516)	-	754	(754)	-
Government subsidies	**205 828**	**-**	**205 828**	**99 856**	**-**	**99 856**
Not past due date	205 828	-	205 828	99 856	-	99 856
Traffic fines	**1 983 692**	**(1 642 310)**	**341 382**	**1 888 903**	**(1 552 592)**	**336 311**
Past due						
0-90	165 958	(137 398)	28 560	298 727	(244 531)	54 196
91-180	304 853	(252 389)	52 464	270 670	(221 565)	49 105
181-365	573 836	(475 082)	98 754	506 140	(414 315)	91 825
365+	939 045	(777 441)	161 604	813 366	(672 181)	141 185
TOTAL	**5 981 539**	**(2 851 221)**	**3 130 318**	**5 287 067**	**(2 547 305)**	**2 739 762**

The 2019 comparative amount has been restated - see note 35.

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

	CONTRACTUAL RECEIVABLES					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS	**9 122 108**	**(4 928 128)**	**4 193 980**	**8 115 989**	**(3 878 643)**	**4 237 346**
Electricity	**2 093 357**	**(460 315)**	**1 633 042**	**1 831 809**	**(359 865)**	**1 471 944**
Not past due date	847 990	-	847 990	921 748	(20 239)	901 509
Past due						
0-90	587 898	(3 141)	584 757	383 621	(8 423)	375 198
91-180	137 516	(21 553)	115 963	76 601	(1 682)	74 919
181-365	121 458	(47 937)	73 521	123 020	(2 702)	120 318
365+	398 495	(387 684)	10 811	326 819	(326 819)	-
Water	**3 059 307**	**(2 071 523)**	**987 784**	**3 024 398**	**(1 623 589)**	**1 400 809**
Not past due date	284 947	-	284 947	465 228	(60 092)	405 136
Past due						
0-90	410 902	(30 981)	379 921	280 770	(36 266)	244 504
91-180	229 282	(74 644)	154 638	169 128	(21 846)	147 282
181-365	298 011	(152 255)	145 756	693 459	(89 572)	603 887
365+	1 836 165	(1 813 643)	22 522	1 415 813	(1 415 813)	-
Waste management	**920 905**	**(584 422)**	**336 483**	**687 999**	**(398 871)**	**289 128**
Not past due date	105 619	-	105 619	131 139	(15 500)	115 639
Past due						
0-90	142 479	(16 334)	126 145	88 237	(10 429)	77 808
91-180	86 625	(42 180)	44 445	37 129	(4 389)	32 740
181-365	138 328	(87 553)	50 775	71 377	(8 436)	62 941
365+	447 854	(438 355)	9 499	360 117	(360 117)	-
Wastewater management	**1 379 083**	**(744 736)**	**634 347**	**1 100 529**	**(584 132)**	**516 397**
Not past due date	315 753	-	315 753	261 506	(27 275)	234 231
Past due						
0-90	203 400	(9 517)	193 883	60 455	(6 306)	54 149
91-180	94 892	(36 263)	58 629	67 955	(7 088)	60 867
181-365	124 515	(69 917)	54 598	186 613	(19 463)	167 150
365+	640 523	(629 039)	11 484	524 000	(524 000)	-
Housing rental stock	**762 096**	**(687 007)**	**75 089**	**714 284**	**(579 722)**	**134 562**
Not past due date	78 154	(53 533)	24 621	78 082	(21 364)	56 718
Past due						
0-90	66 968	(45 871)	21 097	34 788	(9 518)	25 270
91-180	24 222	(16 591)	7 631	21 228	(5 808)	15 420
181-365	69 007	(47 267)	21 740	51 148	(13 994)	37 154
365+	523 745	(523 745)	-	529 038	(529 038)	-
Housing selling stock	**200 897**	**(181 186)**	**19 711**	**198 517**	**(173 756)**	**24 761**
Not past due date	2 917	(731)	2 186	2 091	(151)	1 940
Past due						
0-90	15 339	(4 344)	10 995	14 287	(1 580)	12 707
91-180	(1 455)	354	(1 101)	883	(44)	839
181-365	10 158	(2 527)	7 631	9 759	(484)	9 275
365+	173 938	(173 938)	-	171 497	(171 497)	-

9. RECEIVABLES (continued)

ANALYSIS OF RECEIVABLES' AGE IN DAYS (continued)

	CONTRACTUAL RECEIVABLES - continued					
	As at 30 June 2020			As at 30 June 2019		
	Gross balance	Allowance for impairment	Net balance	Gross balance	Allowance for impairment	Net balance
FROM EXCHANGE TRANSACTIONS						
Other receivables	**647 789**	**(198 939)**	**448 850**	**442 057**	**(158 708)**	**283 349**
Not past due date	367 835	(1 731)	366 104	234 811	(2 050)	232 761
Past due						
0-90	64 990	(5 018)	59 972	25 959	(1 002)	24 957
91-180	(11 218)	698	(10 520)	14 061	(571)	13 490
181-365	36 836	(7 925)	28 911	12 550	(409)	12 141
365+	189 346	(184 963)	4 383	154 676	(154 676)	-
Payments made in advance	**58 674**	**-**	**58 674**	**116 396**	**-**	**116 396**
Not past due date	58 674	-	58 674	116 396	-	116 396
FROM NON-EXCHANGE TRANSACTIONS	**17 575**	**-**	**17 575**	**32 122**	**-**	**32 122**
Other receivables	**17 575**	**-**	**17 575**	**32 122**	**-**	**32 122**
Not past due date	17 575	-	17 575	32 122	-	32 122
	9 139 683	**(4 928 128)**	**4 211 555**	**8 148 111**	**(3 878 643)**	**4 269 468**

The 'Not past due date' category represents customers who have not exceeded the 30-day credit period granted by the City to pay their municipal accounts. Debtors to the value of R735,47 million (2019: R818,72 million) have arranged to repay their outstanding arrear debt over a renegotiated period.

The 2019 comparative amount has been restated - see note 35.

10. CASH AND CASH EQUIVALENTS

	2020	2019
Amortised cost	8 097 003	7 737 549
Bank balance *	250 376	245 953
Year-end accruals	35	473
Cash on hand and in transit	26 874	56 047
Call and short-term deposits – see note 6	7 819 718	7 435 076
Fair value – see note 6	1 269 566	681 726
Call and short-term deposits	1 258 161	668 840
Bank accounts managed by fund managers *	11 405	12 886
TOTAL	**9 366 569**	**8 419 275**

*See annexure C for more details.

11. BORROWINGS

	2020	2019
Marketable bonds	5 059 968	5 163 986
Concessionary loans	2 191 609	1 431 797
Other loans	66 666	102 750
Subtotal – see annexure A for more details	7 318 243	6 698 533
Transferred to current liabilities	(446 354)	(427 596)
TOTAL	**6 871 889**	**6 270 937**

A total of R2,77 billion (2019: R2,50 billion) has been ring-fenced for the repayment of long-term liabilities – see note 6.

MARKETABLE BONDS	**5 059 968**	**5 163 986**
Marketable bonds In terms of the City's domestic medium-term note (DMTN) programme registered on the Johannesburg Stock Exchange (JSE) Limited, unsecured bonds totalling R4,95 billion are listed on the JSE. Each of the municipal bonds bears interest at fixed rates ranging between 10,17% and 12,57% per annum. Interest is payable semi-annually for all bonds. Capital will be redeemed by way of a bullet repayment on the final redemption date for CCT01, CCT02 and CCT03, and by way of semi-annual capital redemptions for CCT04 (green bond). The municipal bonds are repayable on 23 June 2023 (CCT01), 12 June 2024 (CCT02), 15 March 2025 (CCT03) and 17 July 2027 (CCT04). Guaranteed investment instruments have been established for the repayment of CCT01, CCT02 and CCT03 by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).	5 059 968	5 163 986
CONCESSIONARY LOANS	**2 191 609**	**1 431 797**
Agence Française de Développement (AFD) An unsecured loan, bearing interest at an average fixed rate of 5,76% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan will be fully paid on 31 March 2028. Nominal value as at 30 June 2020 was R1,27 billion (2019: R1,43 billion).	1 165 246	1 297 027
Development Bank of Southern Africa (DBSA) An unsecured fixed-term concessionary loan, which bore interest at a fixed rate of 5% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan was fully paid on 30 June 2020.	-	3 878
KfW Development Bank An unsecured fixed-term concessionary loan, bearing interest at a fixed rate of 8,107% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. This loan was received in three tranches: the first two during the 2019 financial year, and the third during the 2020 financial year. It will be fully paid on 15 November 2033. Nominal value as at 30 June 2020 was R1,16 billion (2019: R153 million).	1 026 363	130 892
OTHER LOANS	**66 666**	**102 750**
DBSA Unsecured loans, bearing interest at fixed rates ranging between 9,64% and 10,56% per annum, repayable semi-annually in equal instalments of capital, with interest payable on the reducing balance. One of these loans was fully paid on 30 June 2020. The balance of the loans will be fully paid on 31 December 2022.	66 666	102 750
TOTAL - see annexure A for more details	**7 318 243**	**6 698 533**

For more details about short-term debt facilities available to the City, see annexure C.

12. RETIREMENT BENEFIT INFORMATION

The City makes provision for post-retirement benefits to eligible councillors and employees who belong to different pension schemes. These funds are governed by the Pension Funds Act 24 of 1956, and include both defined-benefit (DB) and defined-contribution (DC) schemes. Contributions of R1,35 billion (2019: R1,21 billion) to the DB and DC schemes are expensed as incurred during the year in review.

These schemes are subject to a triennial, biennial or annual actuarial valuation, as set out below.

12.1 Defined-benefit schemes

LA Retirement Fund (multi-employer fund)

The latest statutory actuarial valuation of the fund was performed at 30 June 2019, at which stage the fund found the pensioners and DB deferred members account to be in a sound financial position. The funding basis valuation indicated a R11,2 million surplus with an overall funding level of 100,3% for the DB section and pensioners account respectively at the financial year-end.

South African Local Authorities (SALA) Pension Fund (multi-employer fund)

The fund is a DB plan and according to its 1 July 2018, last statutory valuation revealed a deficit of R394,3 million and the Fund was 97,3% funded prior to the establishment of any contingency reserves. As consequence, the fund is not financially sound in terms of Financial Sector Conduct Authority (FCSA) issued Notice No. 2 of 2016. The Fund submitted a Scheme of Arrangement (SOA) to the Registrar of Pension Funds in terms of section 18 of the Pension Funds Act to bring the fund into a financially sound position.

The SOA requested that all participating employers contributed an additional 2% from 1 July 2020 for each year over the next five to six years. The City is currently engaged in disputing this SOA. A provision for an amount of R13,85 million has been included in "Post-retirement pension benefits" (note 13), of which R1,95 million is payable in 2020/21.

12.2 Defined-contribution schemes

- LA Retirement Fund (multi-employer fund)
- South African Local Authorities (SALA) Pension Fund (multi-employer fund
- Cape Retirement Fund for Local Authorities (multi-employer fund)
- Municipal Councillors' Pension Fund (multi-employer fund)
- National Fund for Municipal Workers (multi-employer fund)
- Municipal Workers' Retirement Fund (multi-employer fund)

12.3 Defined-benefit and defined-contribution scheme

Cape Municipal Pension Fund

The Cape Municipal Pension Fund operates as both a DB and DC scheme. A statutory actuarial valuation of the fund was performed at 30 June 2018, which certified it as being in a financially sound position. An interim actuarial valuation of the fund was performed at 30 June 2019.

	DB section	DC section	Total
In-service members	180	9 447	9 627
Pensioners	2 552	2 173	4 725
Membership as at 30 June 2019	**2 732**	**11 620**	**14 352**

	2019 R'million	2018 R'million
Past-service position: DC section	11 958	11 489
DB section	3 815	3 952
Total liabilities	15 773	15 441
Assets valued at market value	15 840	15 548
Actuarial surplus	-	-

Key financial assumptions	2019 %	2018 %
Actual employer contribution: DB section	20,25	20,25
DC section	18,00	18,00
Net discount rate: Pre-retirement	0,72	0,64
Post-retirement	2,72	2,64
Normal retirement age	65 years	65 years

13. PROVISIONS (NON-CURRENT)

	Long-service leave benefits	Environmental rehabilitation	Post-retirement healthcare benefits	Post-retirement pension benefits	Taxi compensation	Total
As at 30 June 2020						
Opening balance	618 284	345 888	5 888 106	13 534	11 275	6 877 087
Interest costs	59 063	45 003	622 706	1 529	-	728 301
Service costs	54 893	-	97 246	466	-	152 605
Benefit/rehabilitation payments	(70 025)	(1 156)	(263 873)	(815)	-	(335 869)
Additional provision raised	-	-	-	13 845	-	13 845
Actuarial gains	(36 738)	-	(894 708)	(3 656)	-	(935 102)
Change in estimate	-	(65 441)	-	-	-	(65 441)
Transferred from current provisions	86 529	54 850	259 038	2 149	-	402 566
	712 006	379 144	5 708 515	27 052	11 275	6 837 992
Current portion of provision	(49 434)	(79 287)	(278 610)	(3 458)	-	(410 789)
TOTAL	**662 572**	**299 857**	**5 429 905**	**23 594**	**11 275**	**6 427 203**

13.1 Long-service leave benefits

An actuarial valuation has been performed of the City's liability for vested long-service leave benefits to which employees may become entitled upon completion of 10 years' service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

Discount rate

The fund benefit liability as at 30 June 2020 has been discounted at the market yields on government bonds consistent with the estimated term of the liability. The long-term yield on the zero-coupon government bond as at 30 June 2020 was used to determine the discount rates and consumer price index (CPI) assumptions at each relevant time period.

Key financial assumptions	2020 %	2019 %
Discount rate	11,26	8,38
Consumer price inflation	7,16	5,28
Salary increase	8,16	6,28

13.2 Environmental rehabilitation

In terms of the City's licensing stipulations on waste landfill sites, provision is made for the estimated cost of rehabilitating waste sites for the portion of land used, or contaminated at the reporting date. The provision has been determined based on an independent valuation performed by a firm of consulting engineers on 30 June 2020. The provision estimate was changed as described in note 35.

Key cost parameters	2020	2019
Estimated dates of reaching full capacity	between 2018 and 2031	between 2018 and 2032
Estimated post closure rehabilitation time	4 years	4 years
Period for monitoring post closure	30 years	30 years
Average estimated annual inflation rate	3,62%	4,65%
Discount rate at the average borrowing rate	13,02	11,23%

13.3 Post-retirement healthcare defined benefits

An actuarial valuation has been performed of the City's liability in respect of healthcare benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the City, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the City.

For past service of in-service and retired employees, the City recognises and provides for the actuarially determined present value of post-retirement medical-aid employer contributions on an accrual basis, using the projected unit credit method.

The members of medical aid schemes entitled to a post-employment medical scheme subsidy as at 30 June 2020 constituted 6 224 (2019: 6 708) in-service members and 6 963 (2019: 6 898) pensioners.

It was assumed that the employer's healthcare arrangements and subsidy policy would remain as outlined in the accounting policy, and that the level of benefits and contributions would remain unchanged, with the exception of inflationary adjustments. Implicit in this approach is the assumption that current levels of cross-subsidisation from in-service members to retiree members within the medical scheme are sustainable and will continue.

It is further assumed that the subsidy will continue for eligible members and their spouses until the last survivor's death.

13. PROVISIONS (NON-CURRENT) (continued)

13.3 Post-retirement healthcare defined benefits (continued)

Continuation of membership
It is assumed that 100% of in-service members entitled to a post-retirement subsidy retiring from the City of Cape Town will remain on the employer's healthcare arrangements.

Family profile
Family profile was based on actual data and, therefore, no assumptions had to be made.

Plan assets
Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment healthcare liability.

Discount rate
The fund benefit liability to the City as at 30 June 2020 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon government bond curve.

Key financial assumptions	2020 %	2019 %
Discount rate	13,90	10,13
Consumer price inflation	9,24	6,70
Healthcare cost inflation rate	11,24	8,70

Sensitivity analysis	Change in assumption	Liability	Service costs	Interest costs
Assumptions used		**5 708 516**	**79 244**	**793 484**
Healthcare inflation	1% decrease	5 097 558	67 053	708 560
	1% increase	6 433 570	94 166	894 266
Post-retirement mortality	20% decrease	6 196 654	85 333	861 335
	20% increase	5 319 489	74 331	739 409

13.4 Post-retirement pension defined benefits

An actuarial valuation has been performed of the City's liability in respect of retirement pension benefits to its eligible retirees and retrenched employees. The provision is utilised when eligible employees receive the value of the vested benefits.

The contributions paid are actual contributions paid by the City, and the unrecognised actuarial gains and losses have been adjusted accordingly to take into account the difference between the estimated contribution payments determined by the actuary and the actual contributions paid to members by the City.

For past service of employees and retired employees, the City recognises and provides for the actuarially determined present value of post-retirement revenue pensions on an accrual basis, using the projected unit credit method.

The number of employees who were eligible for a post-retirement pension as at 30 June 2020 was 16 (2019: 17) in-service employees and 55 (2019: 60) pensioners.

Plan assets
Currently, no long-term assets are set aside off-balance sheet in respect of the employer's post-employment retirement pension liability.

Discount rate
The fund benefit liability to the City as at 30 June 2020 has been discounted at a rate determined on the basis of the long-term yield on the zero-coupon index-linked government bond curve.

Key financial assumptions	2020 %	2019 %
Discount rate	12,81	9,75
Consumer price inflation	8,23	6,40
General salary inflation rate	10,23	8,40

14. DEPOSITS

	2020	2019
Electricity and water	405 503	395 723
Other deposits	13 918	15 239
TOTAL	**419 421**	**410 962**

15. PROVISIONS (CURRENT)

	Long-service leave benefits	Environmental rehabilitation	Post-retirement benefits	Insurance and COID claims	Leave benefits	Other provisions	Total
As at 30 June 2020							
Opening balance	86 529	54 850	261 187	16 276	690 462	38 671	1 147 975
Utilised	(86 529)	(54 850)	(261 187)	(16 276)	(832 964)	(26 548)	(1 278 354)
Raised	-	-	-	8 446	1 018 222	29 374	1 056 042
Reversed	-	-	-	-	(6 052)	(547)	(6 599)
Change in estimate	-	-	-	-	54 494	-	54 494
Transfers from non-current	49 434	79 287	282 068	-	-	-	410 789
TOTAL	**49 434**	**79 287**	**282 068**	**8 446**	**924 162**	**40 950**	**1 384 347**

Leave benefits
Annual leave accrues to employees monthly, subject to certain conditions. The provision is an estimate of the amount due to staff as at the financial year-end, based on the value of statutory and non-statutory leave.

16. PAYABLES FROM EXCHANGE TRANSACTIONS

	2020	2019
Trade and other creditors	4 947 591	4 766 266
Payments received in advance	990 707	913 998
Funds administrated on behalf of third parties	23 674	19 053
TOTAL	**5 961 972**	**5 699 317**

Payables are non-interest-bearing and are normally settled on 30-day terms, except for retentions, which are settled in terms of the contract agreement.

Payments received in advance are non-interest-bearing and normally settled on 30-day terms.

17. UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Conditional grants from other spheres of government	1 229 048	1 155 398
National Government	954 696	856 209
Province	274 352	299 189
Other conditional receipts	163 124	142 772
Public contributions	163 124	142 772
TOTAL	**1 392 172**	**1 298 170**

During the year, the National Department of Human Settlements (NDHS) expressed concern that the City would not be able to spend its entire Urban Settlements Development Grant (USDG) allocation as per the annual Division of Revenue Act. Consequently, the second tranche payment of R464,8 million for USDG was delayed. It should have been received on 28 November 2019, but was only received on 23 December 2019. The NDHS also withheld R60 million of the USDG allocation due to significant under-performance.

National Treasury withheld R2,61 million of the Infrastructure Skills Development Grant due to anticipated underspending during the financial year.

See note 24, 25 and annexure E for more details of grants from National Government and Province as well as public contributions.

	2020	2019
18 VALUE-ADDED TAX (VAT)		
VAT payable	587 791	608 386
Impairment adjustment	(34 839)	(62 810)
Total VAT payable	552 952	545 576
VAT receivable	(379 654)	(415 306)
TOTAL	**173 298**	**130 270**

The VAT liability was impaired as a result of impairment against debtors. The City is registered for VAT on the payment basis.

19. HOUSING DEVELOPMENT FUND		
Realised housing proceeds		
Balance at beginning of the year	377 344	320 018
Income	73 701	48 872
Interest	24 805	20 579
Expenditure	(32 287)	(11 091)
Sponsored loans write-off	-	(1 034)
Balance at end of the year	443 563	377 344
Unrealised housing proceeds		
Balance at beginning of the year	32 007	39 271
Long-term loans realised	(10 695)	(17 112)
Transfer to impairment provision – selling schemes	(1 665)	9 848
Balance at end of the year	19 647	32 007
TOTAL	**463 210**	**409 351**

Unrealised housing proceeds represent loan repayments not yet due in terms of the debtors' loan agreement.

20. SERVICE CHARGES		
Electricity	14 248 623	13 036 876
Water and wastewater	4 541 952	4 692 171
Solid waste	1 350 425	1 265 381
ICASA ECSN licence fees	24 885	26 206
Other	714 509	744 524
TOTAL	**20 880 394**	**19 765 158**

21. FINANCE INCOME		
Exchange transactions	1 582 511	1 391 166
External investments	1 342 610	1 173 625
Outstanding debtors	298 953	269 101
Transferred interest to conditional grants	(59 052)	(51 560)
Non-exchange transactions		
Outstanding debtors	109 465	92 302
TOTAL	**1 691 976**	**1 483 468**

22. OTHER INCOME		
Exchange transactions	348 779	344 089
Bulk infrastructure levies	152 298	192 384
Other income	140 987	147 217
Gains on foreign-exchange transactions	2	2
Fair-value adjustments	55 492	4 486
Non-exchange transactions	370 404	242 162
City improvement districts (CIDs)	239 394	216 629
Fair-value adjustments	131 010	25 533
TOTAL	**719 183**	**586 251**

The City received services in kind to an estimated value of R15,22 million (2019: R16,55 million) in the form of volunteers.

	2020	2019
23. PROPERTY RATES		
Actual		
Residential, commercial and other	11 033 625	10 769 772
Income forgone	(1 191 840)	(1 450 216)
TOTAL	**9 841 785**	**9 319 556**
Valuations per category		
1 July 2019 – 30 June 2020		
Agricultural	7 823 081	
Business and commercial	280 805 836	
Industrial	90 350 732	
Mining	214 188	
Multiple purpose	7 156 597	
Organ of state (public service purposes)	40 388 212	
Public benefit organisation	2 437 690	
Public service infrastructure	12 529 473	
Residential	1 144 122 786	
Vacant land	37 777 795	
1 July 2016 – 30 June 2019		
Residential		843 683 505
Commercial		265 792 562
Agriculture		5 179 551
Public service infrastructure		5 053 282
Other		101 735 052
TOTAL valuations at commencement of financial year	**1 623 606 390**	**1 221 443 952**

The new General Valuation Roll (GV2018) took effect on 1 July 2019 and applies until 30 June 2022. It is based on market-related values and implements the amendments made to section 8 of the Local Government: Municipal Property Rates Act (MPRA), Act 6 of 2004, in accordance with section 93B. Property valuation adjustments, such as supplementary valuations, objection valuations and Valuation Appeal Board decisions, are processed continuously. Municipal rates are levied daily in terms of the provisions of the rates policy, which makes provision for rebates and exemptions.

The GV2018 introduced new rates categories as required by the MPRA, thus comparative figures for the valuation per category are not available.

24. GOVERNMENT GRANTS AND SUBSIDIES		
Unconditional grants	3 256 778	3 016 366
Conditional grants	3 612 018	3 531 995
National Government	2 520 166	2 589 476
Province	1 091 852	942 519
TOTAL	**6 868 796**	**6 548 361**
Analysis of government grants and subsidies		
Operating	4 957 485	4 468 913
Capital	1 911 311	2 079 448
TOTAL	**6 868 796**	**6 548 361**

	2020	2019
25. PUBLIC CONTRIBUTIONS		
Conditional		
Consumer connections	40 411	46 817
Contributed assets	60	1 472
Other	25 780	25 156
TOTAL	**66 251**	**73 445**
26. EMPLOYEE-RELATED COSTS		
Salaries, wages and allowances	12 697 236	11 408 842
Contributions and benefits paid: current provisions	189 055	5 292
Contributions: post-retirement and long-service benefits	(85 354)	952 901
Current service cost	152 605	142 163
Interest cost	683 298	623 033
Actuarial (gain)/loss	(921 257)	187 705
	12 800 937	12 367 035
Expenditure recharged to capital projects	(24 228)	(31 266)
TOTAL	**12 776 709**	**12 335 769**
27. IMPAIRMENT COSTS		
Receivables	2 804 042	1 582 947
Investments	58 745	154 662
Property, plant and equipment	19 784	29 648
TOTAL	**2 882 571**	**1 767 257**
28. FINANCE COSTS		
Borrowings	762 895	719 526
Unwinding of interest	45 003	33 629
TOTAL	**807 898**	**753 155**
29. BULK PURCHASES		
Electricity	9 317 868	8 281 772
Water	553 902	362 849
TOTAL	**9 871 770**	**8 644 621**
30. CONTRACTED SERVICES		
Transportation services	514 431	554 622
Refuse removal services	389 543	377 420
Sewerage services	424 148	350 117
Electrical services	234 074	200 725
Haulage of waste services	252 608	211 767
Other services	299 046	315 085
TOTAL	**2 113 850**	**2 009 736**

Contracted services are expenditure relating to mandated services in terms of the Structures Act, a municipal by-law or the IDP where the municipality is expected to have the capacity and expertise to carry out these services, but is outsourcing these service.

31 GENERAL EXPENSES

	2020	2019
Auditor remuneration	20 241	18 187
CIDs levies	232 212	210 130
Consultants	916 548	735 821
Free basic electricity (FBE) – Eskom service areas	163 667	141 472
Fair-value adjustments	3 184	763
Indigent relief	408 106	422 402
Inventory: scrapping	3 559	516
Loss on foreign-exchange transactions	1 842	7 043
Telecommunications	237 651	221 912
Building contractors	1 889 310	1 719 641
Fuel	287 369	313 649
Minor tools and equipment	479 658	513 126
Security services	864 936	646 765
Servicing of vehicle and equipment	482 273	489 474
Other expenditure	2 297 672	2 110 468
	8 288 228	7 551 369
Contributions from provisions	(34 731)	(42 982)
	8 253 497	7 508 387
Expenditure recharged to capital projects	(2 155)	(2 811)
TOTAL	**8 251 342**	**7 505 576**

32. CASH GENERATED FROM OPERATIONS

Surplus for the year	4 369 409	6 242 063
Adjustment for:	4 454 386	4 448 969
Contributed assets	(60)	(2 860)
Contribution to provisions	(219 975)	751 101
Depreciation	2 901 939	2 802 364
Fair-value adjustments	(183 318)	(25 537)
Gains and losses on disposal of assets	(46 421)	(113 615)
Impairment	2 882 571	1 767 257
Inventory scrapping	3 559	516
Unrealised foreign-exchange losses	169	56
Finance income	(1 691 976)	(1 483 468)
Cash transactions	(1 642 305)	(1 427 759)
Non-cash transactions	(49 671)	(55 709)
Finance costs	807 898	753 155
Cash transactions	718 927	692 316
Non-cash transactions	88 971	60 839
Operating surplus before working capital changes	**8 823 795**	**10 691 032**
(Increase)/decrease in inventories	(54 579)	35 220
Increase in receivables	(3 057 378)	(2 240 674)
Increase in unspent conditional grants and receipts	94 002	230 425
Increase/(decrease) in payables	261 274	(202 400)
Increase/(decrease) in net VAT	15 057	(2 712)
CASH GENERATED FROM OPERATIONS	**6 082 171**	**8 510 891**

The 2019 comparative line items were reclassified - see note 35.

	2020	2019
33. OPERATING LEASE COMMITMENTS		
33.1 The City as lessee		
Future minimum lease payments under non-cancellable operating leases		
Buildings	55 190	98 748
Payable within one year	50 253	52 569
Payable within two to five years	4 937	46 179
Radio masts	920	1 484
Payable within one year	478	587
Payable within two to five years	442	897
TOTAL	**56 110**	**100 232**

Minimum lease payments recognised as an expense during the period amounted to R55,96 million (2019: R50,74 million). Leased premises are contracted for remaining periods of between one and four years, with renewal options available in certain instances.

33.2 The City as lessor

Future minimum lease income under non-cancellable operating leases

Buildings		
Receivable within one year	67 983	61 677
Receivable within two to five years	252 378	195 492
Receivable after five years	455 894	454 253
TOTAL	**776 255**	**711 422**

The City lets properties under operating leases. Property rental income earned during the year was R61,93 million (2019: R58,37 million). The tenants maintain the properties at their cost. No investment properties have been disposed of since the date of the statement of financial performance.

The impact of charging the escalations in operating leases on a straight-line basis over the term of the lease has been an increase of R38,18 million in current-year income.

34. CONTINGENT LIABILITIES

34.1 Contractual disputes

Various contractual claims by contractors/suppliers and staff are currently in dispute, and are subject to mediation. The potential extent of the liability cannot be determined, since it is subject to litigation, but a provisional estimate based on management assessment is R284,36 million (2019: R282,17 million).

34.2 Outstanding insurance claims

The estimated liability for insurance claims amounts to R262,43 million (2019: R228,72 million). The estimated amount is based on quotations, medical reports and letters of demand received. The merits must still be determined, and could result in a lesser or greater amount.

35. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES

35.1 Reclassification

During the current year the City of Cape Town adopted GRAP 108 Statutory Receivables as effective. Amendments were made to the classification of receivables to align with the Standard resulting in the reclassification of receivables and other receivables as statutory and contractual receivables. This change had no financial impact on the statement of financial position.

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by the reclassifications.

	Note	As previously reported	Reclassifi-cations	Restated
30 June 2019				
STATEMENT OF FINANCIAL POSITION				
ASSETS				
Current assets		18 405 664	-	**18 405 664**
Receivables		6 215 922	793 308	**7 009 230**
Other receivables		793 308	(793 308)	**-**
TOTAL ASSETS		70 953 563	-	**70 953 563**
FINANCIAL RISK MANAGEMENT	**1**			
Financial assets				
Contractual Receivables		3 912 327	240 745	**4 153 072**
Other receivables		208 623	(208 623)	**-**
TOTAL CARRYING AMOUNT		20 447 745	32 122	**20 479 867**
FAIR VALUE		20 532 493	32 122	**20 564 615**
Statutory assets				
Receivables		2 303 595	436 167	**2 739 762**
Other receivables		468 289	(468 289)	**-**
TOTAL CARRYING AMOUNT		2 771 884	(32 122)	**2 739 762**
Credit risk	**1.3**			
Financial assets				
Receivables		6 892 834	(2 739 762)	**4 153 072**
Statutory assets				
Receivables		-	2 739 762	**2 739 762**
TOTAL		22 858 761	-	**22 858 761**
RECEIVABLES	**9**			
Gross		10 981 469	(10 981 469)	**-**
Impairment		(4 765 547)	4 765 547	**-**
Net		6 215 922	(6 215 922)	**-**
Statutory				
Gross		-	5 287 067	**5 287 067**
Impairment		-	(2 547 305)	**(2 547 305)**
Net		-	2 739 762	**2 739 762**
Contractual				
Gross		-	8 148 111	**8 148 111**
Impairment		-	(3 878 643)	**(3 878 643)**
Net		-	4 269 468	**4 269 468**
OTHER RECEIVABLES	**10**			
Gross		2 453 709	(2 453 709)	**-**
Impairment		(1 660 401)	1 660 401	**-**
Net		793 308	(793 308)	**-**

35. PRIOR-YEAR ADJUSTMENTS AND CHANGE IN ESTIMATES (continued)

35.1 Reclassification (continued)

	Note	As previously reported	Reclassifi-cations	Restated
Reconciliation of impairment provision	9			
Receivables				
Balance at beginning of the year		4 320 108	(4 320 108)	-
Contributions to provisions		945 320	(945 320)	-
Transfers (from)/to provisions		(7 215)	7 215	-
Bad debts written off		(492 666)	492 666	-
Balance as at 30 June		4 765 547	(4 765 547)	-
Other receivables				
Balance at beginning of the year		1 595 249	(1 595 249)	-
Contributions to provisions		998 759	(998 759)	-
Bad debts written off		(933 607)	933 607	-
Balance as at 30 June		1 660 401	(1 660 401)	-
Reconciliation of impairment provision				
Statutory				
Balance at beginning of the year		-	2 275 223	**2 275 223**
Contributions to provisions		-	1 280 079	**1 280 079**
Transfers from provisions		-	(6 087)	**(6 087)**
Bad debts written off		-	(1 001 910)	**(1 001 910)**
Balance as at 30 June		-	2 547 305	**2 547 305**
Contractual				
Balance at beginning of the year		-	3 640 134	**3 640 134**
Contributions to provisions		-	664 000	**664 000**
Transfers from provisions		-	(1 128)	**(1 128)**
Bad debts written off		-	(424 363)	**(424 363)**
Balance as at 30 June		-	3 878 643	**3 878 643**
CASH GENERATED FROM OPERATIONS	32			
Surplus for the year		6 242 063	-	**6 242 063**
Adjustment for:		3 376 097	1 072 872	**4 448 969**
Impairment		-	1 767 257	**1 767 257**
Impairment assets		29 648	(29 648)	-
Contribution to impairment provision - receivables		510 591	(510 591)	-
Contribution to impairment provision - Investment		154 662	(154 662)	-
Inventory Scrapping		-	516	**516**
Operating surplus before working capital changes:		9 618 160	1 072 872	**10 691 032**
Increase in inventories		35 736	(516)	**35 220**
Increase in receivables		(979 252)	(1 261 422)	**(2 240 674)**
Decrease in other receivables		(189 066)	189 066	-
Cash generated by operations		8 510 891	-	**8 510 891**

35.2 Changes in accounting estimates

Annual review of assets useful lives

The annual review of the useful lives and residual values of assets resulted in a decrease of R105,60 million (2019: R2,62 million) in the depreciation charge to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

Impairment of statutory and contractual receivables

The annual review of the impairment of statutory and contractual receivables resulted in a change to a more risk based approach to assess a debtor's ability to make payments. This change in estimate resulted in an increase of R144,36 million in the impairment of receivables charged to the statement of financial performance. It is impracticable to estimate the effect of these changes on future periods.

36. BUDGET INFORMATION

36.1 Explanation of variances on the statement of comparison of budget and actual amounts

1. The difference between the approved budget and final budget are due to virements in terms of Council-approved policy.
2. The format and classification schemes adopted for presentation of the approved budget for the financial year differ from the format and classification adopted for the financial statements. Budget reporting occurred in accordance with the Municipal Standard Chart of Accounts (mSCOA) classification scheme.
3. The differences in capital spend recognition are set out in the table below:

Annual financial statements	**6 124 084**
Landfill site provision estimate	38 540
Contributed assets	(191 956)
Budget	**5 970 668**

36.2 Explanation of variances greater than 10%: final budget and actual amounts

36.2.1 Statement of financial position

Total liability

i) Non-current liability
The variance in non-current liabilities is mainly due to a loan that was budgeted for but was not taken up and the reduction in non- current provisions due to the effects of changes in actuarial assumptions for long service leave, post-retirement healthcare and pension benefits.

ii) Current liabilities
The variance in total current liabilities is attributed to a higher-than-expected balance for payables from exchange transactions at year end. This is due to less than expected cash payments to suppliers and more supplier credit being utilised at year end.

36.2.2 Statement of financial performance

Revenue

i) Investment revenue
The variance is largely due to interest on higher than anticipated cash and investment funds available as a result of low spending and over recovery on other own revenue.

ii) Other own revenue
The variance is mainly due to fair value adjustments that was not budgeted for. These adjustments are the difference between the valuation of the loan at the market rate and the valuation of the loan at the interest rate agreed upon with the lender.

Expenditure

iii) Debt impairment
The variance is largely due to delays with the construction of top structures relating to People Housing Processes (PHP) projects. In addition, lower than anticipated Grant in Aid applications were received from Non-profit - and Public Benefit organizations. These organizations had to apply for a grant in aid instead of receiving a rates rebate in terms of the revised criteria as per the City's Rates policy.

iv) Transfers and grants
The variance is largely due to delays with the construction of top structures relating to People Housing Processes (PHP) projects. In addition, lower than anticipated Grant in Aid applications were received from Non-profit - and Public Benefit organizations. These organizations had to apply for a grant in aid instead of receiving a rates rebate in terms of the revised criteria as per the City's Rates policy.

Surplus

v) Transfers recognised – capital
The variance due to a delay in the implementation of projects mainly as a result of the negative impact of the national COVID-19 lockdown, delays with the appointment of service providers and delivery of goods, community dynamics, and slow implementation of Grant funded Transport projects.

36.2.3 Cash flow statement

i) Net cash from operating
The variance is the result of underspend operating expenditure as well utilising more than expected supplier credit at year end.

36. BUDGET INFORMATION (continued)

36.3 Explanation of variances greater than 5%: final budget and actual amounts

36.3.1 Capital expenditure

i) Community Services and Health
The variance in the implementation of projects is a result of the negative impact of national COVID-19 lockdown, delays with the appointment of services providers, community dynamics and a couple of administrative delays e.g. zoning.

ii) Corporate Services
The variance in the implementation of projects is due to suppliers not receiving IT equipment timeously from abroad during the COVID-19 worldwide pandemic, which in turn delayed the installation by contractors.

iii) Energy and Climate Change
The variance in the implementation of projects is as a result of community dynamics; appeals against award of tender; riots and vandalism; inclement weather; contractor capacity constraints and delays in delivery of imported; local equipment and a reversal/re-posting of prior year expenditure that was not capitalised resulted in a credit of R9,6 million.

iv) Finance
The variance in the implementation of projects is due to the national lockdown period, which delayed construction on the Suites at the Stadium project; onset of cloudy Winter weather prevented aerial photography on the Aerial Photography project; as well as items at the South African customs, which was only be released in July 2020.

v) Office of the City Manager
The variance in the implementation of the projects is the result of delays experienced in the delivery of furniture and equipment, as well as the impact of the COVID-19 lockdown regulations on the ability of vendors to supply furniture and equipment. In addition, savings were realised due to actual expenditure being less than planned expenditure on certain items procured.

vi) Spatial Planning and Environment
The variance in the implementation of projects is a result of cost savings that materialised with the completion of projects, administrative uncertainty around servitude rights and the approval of the CTICC Interface Development Agreement as well as the impact of the COVID-19 lockdown which delayed construction and the delivery of professional services.

vii) Transport
The variance in the implementation of projects is the result of projects funded from the Budget Facility Infrastructure Grant not being ready for implementation in the 2019/2020 financial year, as well as underground services and delays in resolving a claim regarding a correction of error in measurement on the IRT - Jan Smuts project.

viii) Urban Management
The variance in the implementation of the projects is as a result of community dynamics and influences as well as the absence of an implementation delivery vehicle to appoint contractors causing delays.

ix) Management: Water and Waste
The variance in the implementation of projects is as a result of the delay in procurement of computer equipment and furniture.

x) Solid Waste Management
The variance in the implementation of projects is as a result of the delays in the appointment of service providers, capacity constraints, contractor poor performance and untapped contingencies.

37. DISCLOSURES IN TERMS OF LAW AND LEGISLATION

37.1 Municipal Finance Management Act

37.1.1 Section 124(1)(b)

Disclosure concerning councillors' municipal accounts in arrears

2020

During the **financial year** the below councillors were more than 90 days in arrears for rates or services but have since paid their accounts in full:

- G Classen
- MM Bele
- PN Sandla

2019

During the **reporting period**, there were no councillors more than 90 days in arrears for rates or services.

	2020	2019
37.1.2 Section 125		
37.1.2.1 Irregular expenditure		
Opening balance	950 370	283 056
Expenditure incidents identified in the current year, relating to	462 452	950 370
Current year	355 873	356 028
Prior year	106 579	594 342
	1 412 822	**1 233 426**
Resolved and ratified by Council	(733 582)	(283 056)
Closing balance	**679 240**	**950 370**

Incidents			
Legal services procurement not in terms of SCM regulations		43 840	238 368
Restrictive / Bias bids		59 811	214
Expenditure incurred after contract expiry		248 164	413 335
Non-compliance with SCM Regulations and section 33 and section 116(3) of the MFMA		110 637	298 453
TOTAL		**462 452**	**950 370**

The majority of the amounts included in the disclosure note was as the result of the self-reporting of incidents detected through the City's systems and procedures. A contract management register has been established to mitigate irregular expenditure.

37.1.2.2 Unauthorised expenditure			
Opening balance		-	-
Expenditure incident identified in the current year		6 567	-
Closing balance		**6 567**	**-**

Incident	Proceedings		
Procurement without budget authority	Awaiting condonement by Council	6 567	
TOTAL		**6 567**	**-**

37. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

37.1 Municipal Finance Management Act (continued)

37.1.2 Section 125 (continued)

	2020	2019
37.1.2.3 Fruitless and wasteful expenditure		
Opening balance	19 802	309
Expenditure incidents identified in the current year, relating to	12 341	19 802
Current year	12 313	13 555
Prior year	28	6 247
	32 143	**20 111**
Resolved by Council	(3 239)	(309)
Closing balance	**28 904**	**19 802**

Incidents		
Fraudulent payment	7	-
Theft of City's assets	21	-
Vandalised units	12 313	-
Interest paid on late payment	-	7 655
Litigation costs	-	400
Travel costs	-	26
Duplication payment	-	5
Tender project management	-	9 794
Fines	-	51
Compensation payments	-	1 871
TOTAL	**12 341**	**19 802**

37.1.2.4 Material losses

Water losses	**191 347**	**303 487**

In the current year, the material losses were 10,54% (2019: 16,57%). These are made up of 10,08% reticulation losses and 0,46% abnormal production losses (2019: 10,84% reticulation losses and 5,73% abnormal production losses). These losses are predominantly due to unauthorised usage and metering inaccuracies. The production losses amounted to R413,9 million (2019: R313,2 million).

Electricity losses	**300 337**	**345 465**

In the current year, the energy losses were 9,73% (2019: 10,67%). These losses are the result of system operation, theft and vandalism. The production losses amounted to R605,10 million (2019: R538,49 million).

37.1.2.5 Other compulsory disclosures

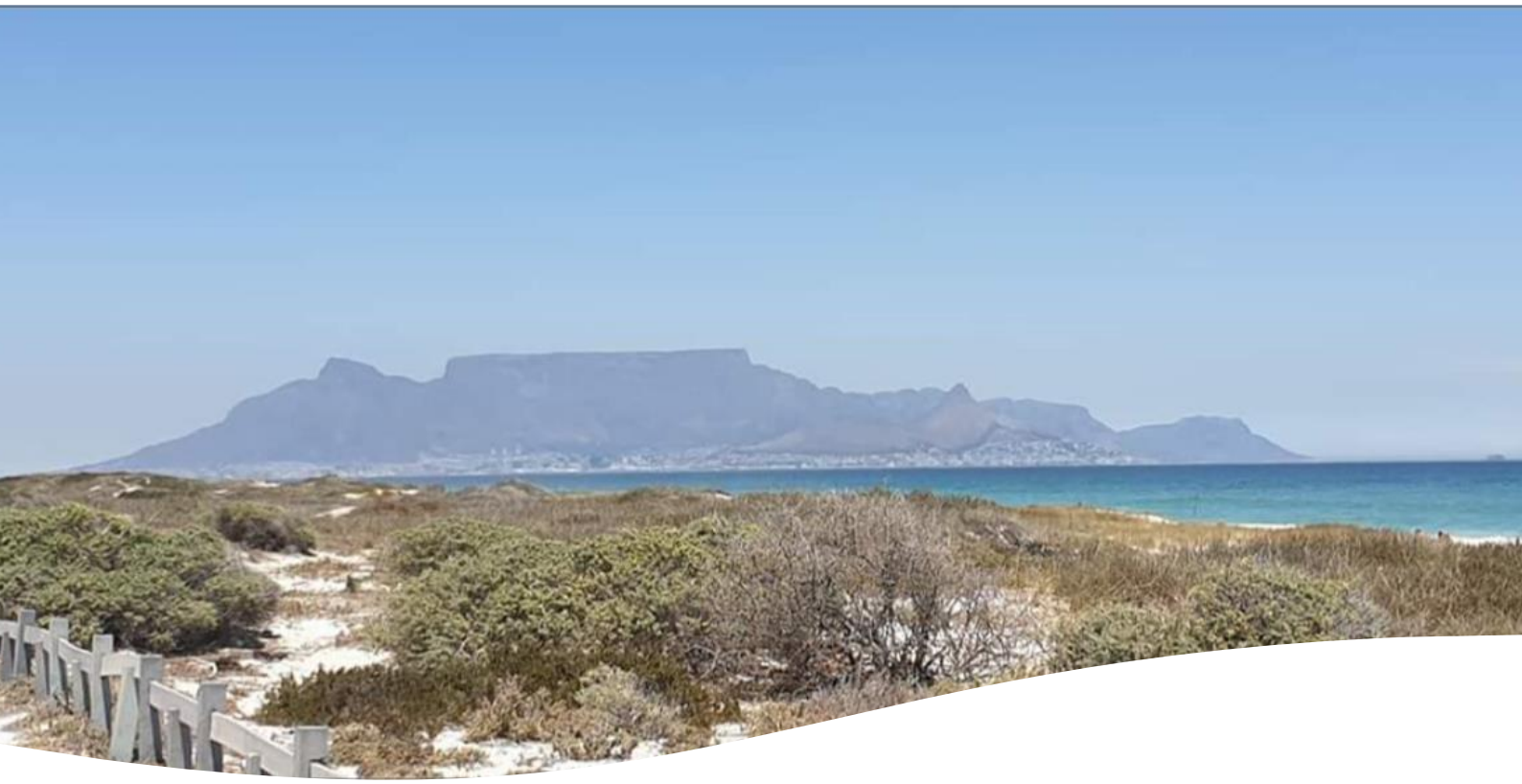
	South African Local Government Association (SALGA) contributions	Audit fees	Pay-as-you-earn (PAYE) and Unemployment Insurance Fund (UIF)	Pension and medical aid
As at 30 June 2020				
Opening balance	(14 379)	(145)	152 189	289 938
Subscriptions/fees	14 379	23 044	2 049 213	3 742 916
Amount paid – current year	-	(22 659)	(1 878 665)	(3 420 184)
in advance	(14 877)	-	-	-
previous years	-	-	(152 189)	(289 938)
Balance unpaid (included in payables)	**(14 877)**	**240**	**170 548**	**322 732**
As at 30 June 2019				
Opening balance	-	(71)	129 100	267 221
Subscriptions/fees	14 100	20 722	1 796 969	3 403 347
Amount paid – current year	(14 100)	(20 867)	(1 644 780)	(3 113 409)
in advance	(14 379)	-	-	-
previous years	-	71	(129 100)	(267 221)
Balance unpaid (included in payables)	**(14 379)**	**(145)**	**152 189**	**289 938**

37. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)

37.2 Supply Chain Management regulations

	2020	2019
37.2.1 Deviations		
In terms of section 36 of the municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting Officer and noted by Council. The awards listed below, have been approved by the Accounting Officer or his delegate (Director: SCM) and noted by Council.		
Incidents		
Greater than R200 000	693 271	755 771
Less than R200 000	255 826	342 883
TOTAL amount approved by the Accounting Officer/delegate (Director: SCM) and noted by Council	**949 097**	**1 098 654**

All deviations considered by the Accounting Officer are processed in terms of the SCM regulations and the SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria of emergency procurements, availability from only one provider, art-historical objects, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.



37. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)
37.2 Supply Chain Management regulations (continued)

37.2.2 Bids awarded to family of employees in service of the state

In terms of section 45 of the municipal SCM regulation, any award above R2 000 to family of employees in the service of the state must be disclosed in the financial statements. The following is a list as recorded in the declaration-of-interest form.

Connected person	Position held in State	2020
Gava Kassiem		4
A Kassiem	Media Co-Ordinator	
Bokamoso Enterprise Solutions		785
MA Thobejane	Department of Land Affairs and Rural Development	
Phumelela Clearing (Pty) Ltd		445
S Ngame	Invasive Species Controller	
Reeds Claremont		884
E Jacobs	Senior Clerk	
Tempus Dynamics		2 937
M Mvalo	Professional Officer	
Sitsol Trading		
C Sitzer	Senior Clerk	
Brainplay		903
Mr Pieters	Teacher	
Parkers Bus Service		131
RM Parker	Western Cape Education	
Jakepro Building Projects And Services		34
Y Jacobs	Accountant	
Tsch International Holdings		131
RE Hlongwana	Manager: Cleansing	
Bowman Gilfillan Inc (Land)		115
Mr Deokiram	Logistics Manager	
J van den Heuvel	Magistrate	
M van Aardt	Medical Doctor	
M de Villiers	Project and Process Manager	
C Dyer	Deputy Director	
C Franklyn	Specialist Scientist	
Q Green	Director Finance	
S Zondo	Operations Manager	
T Mtshali	Deputy Principal	
G Mellem	Teacher	
M Nyali	Teacher	
E Tipru	Senior Application Analyst	
S Pillay	Educator	
R Ramdenee	Vice President	
T Sass	Head: Compliance and Probity	
B Sepuba	Special Recruitment	
H Ben-David	Captain	
Unako Holdings (Pty) Ltd		23
TJ Vapi	Department of Correctional Services	
Barends F		166
T Barends	Senior SAP Developer	
Reeds Bellville		600
E Jacobs	Senior Clerk	
Battery Centre Mitchells Plain		118
F Badernhost	Councillor	
Turner and Townsend (Pty) Ltd		13 421
T Bulmer	Chief Physiotherapist	
E Barnard	Risk Manager	
P Naidoo	Doctor	
S Naicker	HOD	
M Low	Departmental Head	
SM O'Connell	Librarian	

37. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)
37.2 Supply Chain Management regulations (continued)

37.2.2 Bids awarded to family of employees in service of the state (continued)

Connected person	Position held in State	2020
Coeur Investments		2 716
P Bell	Sports Facilitator	
Computer Specialists (Pty) Ltd		2 184
N Orrie	Senior Superintendent	
Ithalomso (Pty) Ltd		21 595
SN Fumba	Specialist Clerk	
Mbolompo Property Specialist Pty Ltd		33
J Mbolompo	Councillor	
Naeem'S Truck & Coach		624
Z Smith	Department of Labour	
Designtec Printing Cc		740
M Mshweshwe	Manager: Access to information	
Bergstan South Africa Consulting		18 244
J Beukes	Department of Social Development	
Professional Emergency Care Cc		189
JM Bodmer	Metro Paramedics	
Lilian4Zonke (Pty) Ltd		2 586
F Monk	Sub Council Manager	
Sunshine Hello Design		70
MS Maroof	Professional Officer	
Purple Rose Distributors Cc		319
C Hector	Quality Assessor	
M Hector	Medical Doctor	
Mpumamanzi Group Cc		53
ER Bowers	Social Worker	
Mainstruct Projects Cc		36
E Benjamin	Clinical Psychologist	
Royal Haskoningdhv (Pty) Ltd		3 971
L Dladla	Deputy Director	
T Sithole	Associate Director	
JC Active Electrical		4
C van der Vendt	Clerk	
Skunyanas Trading		395
Y Skunyana	Senior Foreman	
Aurecon South Africa (Pty) Ltd		178 758
HC Ahlschlager	Legal Representative	
T Botha	Technical Manager	
Dr M Skead	Manager	
WZ Erasmus	Manager	
HG Esterhuysen	Manager	
T Govender	Administrator	
SM Grobbelaar	Town and Regional Planner	
A Heyns	Assistant Superintend	
JH Higgs	Regional Manager	
A Hougaard	Principle Network Controller	
J Jacobs	Personal Assistant to Chief Director	
BJ Cr Kriegler	Councillor	
R Reddy-Maduray	Project Preparation Specialist	
AJ Moore	Chief Engineer	
K Nadasen	Director	
D Ntsebeza	Sanitation Engineering Manager	

37. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)
37.2 Supply Chain Management regulations (continued)

37.2.2 Bids awarded to family of employees in service of the state (continued)

Connected person	Position held in State	2020
NH Ntsebeza	Nurse	
SM O'Connell	Librarian	
PW Pansegrouw	Senior Manager	
PS Pretorius	Chief Officer	
JH Riekert	Manager	
JM Robertson	Roads Engineer	
R Tebane	Executive Manager	
J Tredoux	Deputy Director	
ZC Venter	Deputy Director	
J Wilkins	Vice Director	
EPI-USE Africa (Pty) Ltd		15 853
J Alberts	Deputy Principal	
E Janse van Rensburg	Senior Manager	
Cape Town Skills Facilitors 786 Cc		71
T Jacobs	Deputy Director	
Isuzu Truck Centre		198 107
E Jacobs	Senior Clerk	
Piston Power Chemicals		1 822
N Andhee	Educator	
N Andhee	Educator	
AAE Catering		1 205
Y Ebrahim	Waste Water: Regional Operations Manager	
VW Civil Engineering Supplies Cc		1 441
N Pedro	Specialist Clerk	
Faydies Corporate Gifts		2 630
MF Votersen	Manager: Finance (EOAM)	
Democratic Packaging Cc		1 723
V van der Heever	Educator	
While Its Day		580
C Hector	Building Assessor	
M Hector	Medical Doctor	
Zaptron Pest Solutions		116
F Fortune	Psychologist	
F Fortune	Oral Hygienist	
Ds Gxilishe		108
S Gxilishe	Educator	
B Gxilishe	Senior Administrator	
SANCCOB		411
P Cilliers	Principal SAP-ERP Analyst	
LC Roberts	State Veterinarian: Epidemiologist	
Masibambane Recruitment (Pty) Ltd		23 319
V Williams	Stores Clerk	
Pathcare		62
C Maas (left service of State 01/06/2020)	Senior Medical Officer	
NCC Environmental Services (Pty) Ltd		45 541
C Rhoda	Invasive Species Programme Manager	
Ikapa Reticulation And Flow		35 672
S Davids	Educator	
Transport Telematics Africa		12 528
JJE Groenewald	Financial Officer	
Fleet Tech		1 113
S Willemse	Administrative Officer	

37. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)
37.2 Supply Chain Management regulations (continued)

37.2.2 Bids awarded to family of employees in service of the state (continued)

Connected person	Position held in State	2020
Bowman Gilfillan Inc (Legal)		1 781
H Ben-David	Captain	
O Bhayat	Member of Mayoral Committee	
J van den Heuvel	Magistrate	
EJ van den Berg	School Psychologist	
M de Villers	Manager	
C Dyer	Deputy Director	
S February	Educator	
C Franklyn	Specialist Scientist	
Q Green	Director	
S Zondo	Operations Manager	
T Mtshali	Deputy Principal	
G Mellem	Teacher	
R Ramdenee	Vice President	
M Nyali	Teacher	
E Tipru	Senior Application Analyst	
S Pillay	Educator	
T Sass	Head: Compliance and Probity	
B Sepuba	Special Recruitment	
H Ben-David	Captain	
Norton Rose Fulbright South Africa		2 785
F Nonhlanhla	Telecom Operator	
S Clay	Educator	
E Maubane	Human Resources: Administrator	
C Sunpath	Medical Doctor	
H Sunpath	Chief Technical Advisor	
G Adams	Deputy Principal	
Conlog		3 407
N Moodley	Director	
Radian		1 722
P Naidoo	Programme Manager	
Tjeka Training Matters (Pty) Ltd		693
B Ntlanti	Clerk	
Gibb		27 314
C Hering	Electrical Engineer	
S Singh	Human Resource: Officer	
D Allderman	Educator	
A Moon	Head: Business Continuity	
T Gqobo	Technician	
D O'Reilly	Warrant Officer	
S Cilliers	Educator	
S Jafta	Assistant Manager	
V Sicwebu	Manager	
N Mkhize	Accounting Clerk	
I Brink	Educator	
J Gooch	Head	
L Cloete	Lecturer	
D Kiewiet	Manager	
R Beharie	Senior Engineer	
L Mkhumuzi	Senior Rates Clerk	
K Naidoo	Head	

37. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)
37.2 Supply Chain Management regulations (continued)
37.2.2 Bids awarded to family of employees in service of the state (continued)

Connected person	Position held in State	2020
Anlo Print And Mail Cc		143
N Taylor	Administrative Officer	
Kemanzi (Pty) Ltd		932
J du Toit	Inspector: Traffic	
LJA Construction Cc		8 406
L Arries	Educator	
The Environmental Partnership		235
F Shariff	Director: Strategic Assets	
Tree Cutting People		581
T Hlwatika	Clinical Nurse Practitioner	
Vinzeigh Leukes Trading		106
J Fortuin	Department of Rural Development	
Malherbe Tubb Faure Inc T/A Mhi Attorney		2 227
J Rossouw	Administrative Officer	
Bethel Buzz		125
N Williams	Senior Clerk	
S Jacobs	Soldier	
Reeds N1 City		569
E Jacobs	Senior Clerk	
EAS Infrastructure Engineers		1 184
J Brown	Coordinator: Housing Rental Stock	
Hygiene Service		1 758
S Zini (left service of State 30/11/2019)	EPWP Auxiliary Law Enforcement	
Mtjekube (Pty) Ltd		5
S Maizeme	Admin Clerk	
Trendcore Supplies		45
S Mepomie	Colonel	
Greenro Solutions (Pty) Ltd		24
N Thabeng	Forensic Analysis	
Charmlu Builders		21
C Absolom	Admin Clerk	
Niyalwa		156
M Sakwe	Quantity Surveyor	
WDW Maintenance Landscaping Delivery		15
C de Wee	Administrative Officer	
Yiza Apha Trading		245
AV Kelland	Administrative Officer	
Globreach (Pty) Ltd		385
MM Manci	Major-General	
Neoteric Trading Services		186
S Jacobs	Director	
Mgwevha Projects And Services (Pty)Ltd		50
N Nmabena	Clerk	
Zelunga Investment		9
TC Biyase	KZN Department of Education	
NP Biyase	Department of Water and Sanitation	
Athlone Auto Transmissions		612
N Joseph	Director	
Fikelela Labour Services		2 164
D Joseph	Member of Parliament	
Focal Medical Point SA		1 011
D Henkel	Learner Fire Fighter	

37. DISCLOSURES IN TERMS OF LAW AND LEGISLATION (continued)
37.2 Supply Chain Management regulations (continued)

37.2.2 Bids awarded to family of employees in service of the state (continued)

Connected person	Position held in State	2020
Advocc Cc		32
I Zimri	Department of Health	
Likhona Lethu Services		5 973
Z Rafu	Police officer	
Succido Enterprises		249
L Kramm	PRASA	
WRP Consulting Engineers (Pty) Ltd		4 330
K Mamphitha	SABC	
Z van Rooyen	Department of Public Works	
Leibrandt Training Academy Cc		45
H Benjamin	Psychologist	
Toxsolutions Kits And Services Cc		404
G Pearson	Rand Water	
CJ Supplies (Pty) Ltd		24
P Thomas	Superintendent	
Tsoga O Bune Building Enterprises Cc		6 470
K Kekana	Artisan (Engineering)	
HRK Cape (Pty) Ltd		917
T Sambo	Professional Officer	
Deo Favente Pty Ltd		136
CC Snell (left service of the State 27/06/2020)	EPWP	
JG Afrika (Pty) Ltd		34 792
R Maharaj	Planner	
Webber Wentzel		9 206
C Truter	Department of Education	
AM Truter	West Coast Education District	
E Watson	Department of Public Service	
JCL Smit	Beaufort West Municipality	
Dr D Singh	Department of Education	
P Singh	Department of Education	
N Dias	Senior Legal Advisor: Litigation	
		717 159

See annexure H for the 2019 list.

38. RELATED-PARTY DISCLOSURES

38.1 Municipal entities and special rating areas

During the year, in the ordinary course of business, transactions between the City of Cape Town and the following entities have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's-length transactions.

	2020	2019
CTICC		
The Convention Centre was established for Cape Town to become host to international conferences, with the objective of promoting Cape Town as a tourism city.		
Percentage owned	71,4%	71,4%
Arm's-length transactions for the year		
Receivables	2 245	2 487
Payables	8 684	-
Deposits	1 244	1 234
Service charges	27 126	24 295
Rental of letting stock and facilities	2 882	2 524

The City of Cape Town has leased the land, on which the CTICC 1 (erf 263) and CTICC 2 (erf 270) are built to the CTICC as follows:

- Erf 263 for a period of 99 years, commencing on 1 December 2001, at a nominal rental amount of R100 per annum.
- Erf 270 for a period of 30 years, commencing on 31 October 2012, at a nominal rental amount of R5 000 per annum.

Cape Town Stadium (RF) SOC Ltd		
The Cape Town Stadium municipal entity was established to manage and operate Cape Town Stadium on behalf of the City. The vision of Cape Town Stadium is to achieve world-wide recognition as a facility for the hosting of major sports events and become the premium venue of choice.		
Percentage owned	100%	100%
Arm's-length transactions for the year		
Receivables	496	1 170
Payables	2 566	3 165
Service charges	8 744	10 035
Other income	18 955	17 094
Grants and subsidies paid	59 454	55 152

The City of Cape Town has leased Erf 2188, Green Point, being the Cape Town Stadium Precinct to the Cape Town Stadium municipal entity for an initial period of 50 years, commencing on 13 November 2019 with an option to renew for an additional 49 years, at a nominal rental amount of R100 per annum.

CIDs		
These entities were established to enable projects, at the initiative of local communities, to provide services over and above the services provided by the City of Cape Town.		
Special rating areas		
Arm's-length transactions for the year		
Levies	232 212	210 130
Cape Metropolitan Transport Fund (CMTF)		
The CMTF was created in terms of section 18 of the Urban Transport Act 78 of 1977. The administration of the CMTF vests with the City of Cape Town. The principal activity of the CMTF is to fund the planning and provision of adequate urban transport facilities and all incidental matters.		
Administrator		
Arm's-length transactions for the year		
Funds held on behalf of CMTF	22 697	18 124
Grants and transfers – conditions met	1 059	2 323
Interest paid	1 218	1 135
Revenue collected	4 232	3 773

38. RELATED-PARTY DISCLOSURES (continued)

38.2 Executive management

38.2.1 Executive management members and Councillors

No members of the City of Cape Town's management have significant influence over the financial or operating policies of the municipal entities and special rating areas.

The below reporting transaction was on an arm's length basis between the City of Cape Town and a close family member of a key management personnel.

Name	Nature of Relation	Key Management	Transactions	Amount
Mbolompo Property Specialist (Pty) Ltd	Spouse	Cllr J Mbolompo	Rendering of services	23 644

38.2.2 Mayoral Committee (Mayco) members/Councillors

	Annual salary	Car allowance	Social contribution	Total
2020				
Mayco members	13 081	18	612	**13 711**
Councillors	140 256	457	4 488	**145 201**
TOTAL	**153 337**	**475**	**5 100**	**158 912**
2019				
Mayco members	12 458	32	499	**12 989**
Councillors	134 462	421	4 485	**139 368**
TOTAL	**146 920**	**453**	**4 984**	**152 357**

Councillors are remunerated according to the Remuneration of Public Office Bearers Act 20 of 1998 and are not disclosed individually but in aggregate, and only have collective executive powers for planning, directing and controlling the activities of the City of Cape Town. There are 231 councillor positions, whose aggregate remuneration amounted to R158,91 million for the period in review. The average remuneration per councillor is R0,687 million (2019: R0,659 million) per annum. The Mayco members have such individual executive powers as granted by their delegation, and are therefore disclosed in the table below. A full list of councillors is disclosed on pages 7 and 8 under "General information".

38.2.3 Mayco members

	ANALYSIS OF REMUNERATION BENEFITS			
	Annual salary	Car allowance	Social contribution	Total
2020				
Executive Mayor				
Ald D Plato	1 445	-	-	**1 445**
Executive Deputy Mayor/Finance				
Ald ID Neilson	1 052	-	123	**1 175**
Economic Opportunities and Asset Management				
Ald J Vos	1 109	-	-	**1 109**
Corporate Services				
Cllr SA Cottle	1 109	-	-	**1 109**
Community Services and Health				
Cllr ZA Badroodien	1 109	-	-	**1 109**
Energy and Climate change				
Cllr P Maxiti	1 109	-	-	**1 109**
Human Settlements				
Cllr M Booi	1 037	-	71	**1 108**
Safety and Security				
Ald JP Smith	999	18	93	**1 110**
Spatial Planning and Environment				
Ald M Niewoudt	1 017	-	93	**1 110**
Transport				
Ald F Purchase	993	-	116	**1 109**
Urban Management				
Ald G Twigg	993	-	116	**1 109**
Water and Waste				
Aldr X Limberg	1 109	-	-	**1 109**
TOTAL	**13 081**	**18**	**612**	**13 711**

38. RELATED-PARTY DISCLOSURES (continued)
38.2 Executive management (continued)
38.2.3 Mayco members (continued)

	ANALYSIS OF REMUNERATION BENEFITS - continued			
	Annual salary	Car allowance	Social contribution	Total
2019				
Executive Mayor				
Ald D Plato	908	-	-	**908**
Ald P de Lille	450	14	-	**464**
Executive Deputy Mayor/Finance				
Ald ID Neilson	1 011	-	120	**1 131**
Executive Finance				
Cllr J van der Merwe	335	-	39	**374**
Ald M Nieuwoudt	136	-	13	**149**
Economic Opportunities and Asset Management				
Ald J Vos	534	-	-	**534**
Assets and Facilities Management				
Ald J Vos	142	-	-	**142**
Cllr S Diamond	374	-	-	**374**
Corporate Services				
Cllr SA Cottle	682	-	-	**682**
Cllr R Arendse	374	-	-	**374**
Community Services and Health				
Cllr ZA Badroodien	534	-	-	**534**
Area-Based: South				
Cllr ZA Badroodien	148	-	-	**148**
Cllr E Andrews	374	-	-	**374**
Energy and Climate change				
Cllr P Maxiti	534	-	-	**534**
Area-Based: East				
Cllr P Maxiti	148	-	-	**148**
Cllr A Ntsodo	374	-	-	**374**
Human Settlements				
Cllr M Booi	498	-	35	**533**
Area-Based: Central				
Cllr M Booi	139	-	10	**149**
Cllr S Mamkeli	339	-	-	**339**
Safety and Security				
Ald JP Smith	948	18	90	**1 056**
Spatial Planning and Environment				
Ald M Niewoudt	488	-	46	**534**
Transport				
Ald F Purchase	476	-	58	**534**
Transport and Urban Development Authority				
Ald F Purchase	133	-	16	**149**
Cllr BN Herron	374	-	-	**374**
Urban Management				
Cllr G Twigg	477	-	57	**534**
Area-Based: North				
Cllr G Twigg	133	-	15	**148**
Cllr S Little	339	-	-	**339**
Water and Waste				
Cllr X Limberg	534	-	-	**534**
Informal Settlements, Water and Waste Services; Energy				
Cllr X Limberg	522	-	-	**522**
TOTAL	**12 458**	**32**	**499**	**12 989**

38. RELATED-PARTY DISCLOSURES (continued)
38.2 Executive management (continued)
38.2.4 Executive management

	ANALYSIS OF REMUNERATION BENEFITS				
	Annual salary	Relocation and car allowance	Travel and subsist-ence	Social contri-bution	Total
2020					
City Manager					
L Mbandazayo	2 978	-	1	381	**3 360**
Corporate Services					
C Kesson	2 750	-	45	333	**3 128**
Community Services and Health					
V Botto	890	-	-	129	1 019
Economic Opportunities and Asset Management					
K le Keur	2 361	65	-	298	**2 724**
Energy and Climate Change					
KM Nassiep	2 450	295	33	2	**2 780**
Finance					
K Jacoby	2 731	81	-	275	**3 087**
Human Settlements					
NZ Gqiba	2 536	130	17	2	**2 685**
R Rughubar	151	-	-	22	**173**
Safety and Security Services					
R Bosman	2 654	95	-	333	**3 082**
Spatial Planning and Environment					
A Osman	2 351	53	-	345	**2 749**
Transport					
E Sass	2 820	-	-	395	**3 215**
M Whitehead	762	-	-	-	**762**
Urban Management					
P Mashoko	2 185	153	-	29	**2 367**
B Gerber *	-	-	-	-	**-**
Water and Waste					
M Webster **	2 386	88	19	185	**2 678**
TOTAL	**30 005**	**960**	**115**	**2 729**	**33 809**

*Acted without compensation for period.

**Included in the annual salary amount is a Director Individual Performance Management performance (IPM) of R17,1 thousand for the period till November 2019.

38. RELATED-PARTY DISCLOSURES (continued)
38.2 Executive management (continued)
38.2.4 Executive management (continued)

	ANALYSIS OF REMUNERATION BENEFITS				
	Annual salary	Relocation and car allowance	Travel and subsist-ence	Social contri-bution	Total
2019					
City Manager					
L Mbandazayo	2 836	-	17	361	**3 214**
Corporate Services					
C Kesson *	206	-	-	26	**232**
Corporate Services: Directorate of the Mayor					
C Kesson	2 881	-	16	289	**3 186**
Community Services and Health					
E Sass	1 266	-	-	187	**1 453**
Social Services					
E Sass	1 282	-	-	182	**1 464**
Economic Opportunities & Asset Management					
K le Keur	819	64	-	114	**997**
Assets and Facilities Management					
K le Keur	931	64	-	114	**1 109**
Energy and Climate Change					
KM Nassiep	1 008	-	-	1	**1 009**
Energy					
KM Nassiep	1 108	-	-	1	**1 109**
Environmental Management					
A Osman	810	72	-	125	**1 007**
Finance					
K Jacoby	2 586	81	1	261	**2 929**
Human Settlements					
R Rughubar	854	-	-	125	**979**
Safety and Security Services					
R Bosman	2 444	96	-	303	**2 843**
Transport					
E Sass **	-	-	-	-	**-**
GL Fortune	737	-	3	107	**847**
M Whitehead	1 452	-	-	1	**1 453**
Transport and Urban Development Authority					
GL Fortune	839	-	10	127	**976**
M Whitehead	1 452	-	-	1	**1 453**
Urban Management					
B van Schoor	815	60	-	97	**972**
Area-Based Service Delivery					
B van Schoor	658	51	-	78	**787**
I Scheepers	696	-	-	74	**770**
Water and Waste					
M Webster **	-	-	-	-	**-**
G Kaiser	1 196	45	1	30	**1 272**
Informal Settlements, Water and Waste Services; Energy					
G Kaiser	1 434	54	26	33	**1 547**
TOTAL	**28 310**	**587**	**74**	**2 637**	**31 608**

*Included in the annual salary amount is an arbitration award of R48,4 thousand.
**Acted without compensation for period.

39. EVENTS AFTER REPORTING DATE

At the time of preparing and submitting the annual financial statements, there were no subsequent events to disclose.

ANNEXURE A: Schedule of external borrowings

AS AT 30 JUNE 2020

Rand thousands (R'000)

	Contractual interest rate (NACS) %	Loan ID	Redeemable date	Balance as at 30 June 2019	Received during the year	Net interest accrual during the year	Concessionary loan adjustment	Redeemed/ written off during year	Balance as at 30 June 2020
MARKETABLE BONDS									
Municipal Bond CCT01	12,570	830014004	2023	1 002 404	-	343	-	-	1 002 747
Municipal Bond CCT02	11,615	830016003	2024	1 207 236	-	-	-	-	1 207 236
Municipal Bond CCT03	11,160	830017007	2025	2 065 505	-	-	-	-	2 065 505
Municipal Bond CCT04 (Green bond)	10,170	830019504	2027	888 841	-	(4 361)	-	(100 000)	784 480
Total marketable bonds [1]				**5 163 986**	**-**	**(4 018)**	**-**	**(100 000)**	**5 059 968**
CONCESSIONARY LOANS									
DBSA	5,000	830012028	2020	3 878	-	(2)	124	(4 000)	-
AFD	5,763	830018500	2028	326 329	-	(676)	7 571	(40 000)	293 224
AFD	5,730	830018516	2028	325 896	-	(672)	7 647	(40 000)	292 871
AFD	5,755	830018530	2028	326 460	-	(675)	7 358	(40 000)	293 143
AFD	5,800	830018523	2028	318 342	-	(662)	7 289	(38 961)	286 008
KfW	8,107	830020016	2033	130 892	1 091 580	10 276	(120 518)	(85 867)	1 026 363
Total concessionary loans				**1 431 797**	**1 091 580**	**7 589**	**(90 529)**	**(248 828)**	**2 191 609**
OTHER LOANS									
DBSA	9,420	830012035	2020	9 341	-	(7)	-	(9 334)	-
DBSA	9,639	830013000	2022	46 703	-	(37)	-	(13 333)	33 333
DBSA	10,565	830013507	2022	46 706	-	(40)	-	(13 333)	33 333
Total other loans				**102 750**	**-**	**(84)**	**-**	**(36 000)**	**66 666**
TOTAL				**6 698 533**	**1 091 580**	**3 487**	**(90 529)**	**(384 828)**	**7 318 243**

[1] *Guaranteed investment instruments have been established for the repayment of the bonds by once-off lump sum payments with various financial institutions, namely Nedbank (CCT01), Rand Merchant Bank (CCT02) and Liberty Group Limited (CCT03).*

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ANNEXURE B: Analysis of property, plant and equipment and other assets

AS AT 30 JUNE 2020

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						
	Opening balance	Transfers/ adjustments	Additions [1]	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	Carrying value
Land and buildings													
Vacant land	1 302 540	16 545	61 246	-	-	1 380 331	(260 341)	(2)	-	-	-	(260 343)	1 119 988
Land and buildings	2 856 821	176 268	88 454	-	-	3 121 543	(724 600)	(11)	(59 148)	(2)	-	(783 761)	2 337 782
	4 159 361	**192 813**	**149 700**	**-**	**-**	**4 501 874**	**(984 941)**	**(13)**	**(59 148)**	**(2)**	**-**	**(1 044 104)**	**3 457 770**
Infrastructure													
Assets under construction	2 525 750	(1 394 073)	1 964 659	-	-	3 096 336	-	-	-	-	-	-	3 096 336
Telecommunications	895 284	39 412	153 487	-	-	1 088 183	(125 160)	(6 878)	(70 320)	-	-	(202 358)	885 825
Drains	1 391 722	63 264	80 762	-	-	1 535 748	(501 548)	2 721	(52 319)	-	-	(551 146)	984 602
Roads	13 724 297	392 210	421 559	-	-	14 538 066	(4 225 803)	15 934	(440 909)	-	-	(4 650 778)	9 887 288
Beach improvements	182 873	-	482	-	-	183 355	(33 896)	-	(5 677)	-	-	(39 573)	143 782
Sewerage mains and purification	5 477 153	206 495	205 164	-	(8)	5 888 804	(2 071 047)	-	(279 150)	-	8	(2 350 189)	3 538 615
Security	1 312 815	2 409	185 834	-	-	1 501 058	(611 085)	10 786	(121 117)	-	-	(721 416)	779 642
Electricity peak load equipment and ma	10 695 483	92 832	494 712	-	-	11 283 027	(3 273 551)	-	(235 775)	-	-	(3 509 326)	7 773 701
Water mains and purification	5 355 417	202 263	491 354	-	-	6 049 034	(2 127 466)	3 040	(243 695)	(14 389)	-	(2 382 510)	3 666 524
Reservoirs - water	1 085 110	144 619	213 029	-	-	1 442 758	(427 994)	-	(42 267)	-	-	(470 261)	972 497
	42 645 904	**(250 569)**	**4 211 042**	**-**	**(8)**	**46 606 369**	**(13 397 550)**	**25 603**	**(1 491 229)**	**(14 389)**	**8**	**(14 877 557)**	**31 728 812**
Community assets													
Assets under construction	168 214	(151 307)	81 580	-	-	98 487	-	-	-	-	-	-	98 487
Parks and gardens	405 000	(63 108)	2 323	-	-	344 215	(83 143)	16 246	(11 299)	-	-	(78 196)	266 019
Libraries	335 845	2 859	12 490	-	-	351 194	(90 478)	11	(6 061)	-	-	(96 528)	254 666
Recreation facilities	5 730 743	(4 382 110)	26 852	-	-	1 375 485	(2 280 149)	1 691 662	(46 206)	(38)	-	(634 731)	740 754
Civic buildings	2 843 439	56 693	51 995	-	-	2 952 127	(785 044)	214	(48 556)	-	-	(833 386)	2 118 741
	9 483 241	**(4 536 973)**	**175 240**	**-**	**-**	**5 121 508**	**(3 238 814)**	**1 708 133**	**(112 122)**	**(38)**	**-**	**(1 642 841)**	**3 478 667**
Other assets													
Assets under construction	218 124	(182 073)	243 860	-	-	279 911	-	-	-	-	-	-	279 911
Buildings and land	1 249	-	-	-	-	1 249	(1 249)	-	-	-	-	(1 249)	-
Landfill sites	1 206 054	59 075	(27 622)	-	-	1 237 507	(671 919)	-	(43 865)	-	-	(715 784)	521 723
Furniture, fittings and equipment	1 203 632	5 018	120 154	-	(74 849)	1 253 955	(865 269)	(196)	(103 082)	-	70 732	(897 815)	356 140
Bins and containers	72 445	28	9 277	-	(1 321)	80 429	(63 811)	7 880	(3 606)	-	1 311	(58 226)	22 203
Emergency equipment	60 973	1 349	17 331	-	(3 254)	76 399	(41 995)	21	(7 017)	-	3 133	(45 858)	30 541
Motor vehicles and watercraft	1 687 445	141	548 215	-	(47 106)	2 188 695	(716 633)	(1144)	(156 468)	-	39 361	(834 884)	1 353 811
Plant and equipment	1 270 691	2 823	80 447	-	(18 026)	1 335 935	(726 446)	516	(99 231)	(1 343)	17 123	(809 381)	526 554
Specialised vehicles	1 895 778	93	236 710	-	(7 428)	2 125 153	(805 863)	8 722	(121 197)	-	6 150	(912 188)	1 212 965
Computer equipment	2 488 312	7 057	189 611	-	(140 933)	2 544 047	(1 894 655)	6 498	(222 565)	(151)	139 183	(1 971 690)	572 357
Animals	1 299	-	-	-	(18)	1 281	(338)	5 774	(1 083)	-	18	4 371	5 652
	10 106 002	**(106 489)**	**1 417 983**	**-**	**(292 935)**	**11 124 561**	**(5 788 178)**	**28 071**	**(758 114)**	**(1 494)**	**277 011**	**(6 242 704)**	**4 881 857**
Service concession assets													
Assets under construction	-	-	39 276	-	-	39 276	-	-	-	-	-	-	39 276
Cape Town Stadium	-	4 607 215	154	-	(1 591)	4 605 778	-	(1 761 880)	(183 986)	-	1 341	(1 944 525)	2 661 253
Buses and depots	1 382 175	82 057	24 048	-	(9 864)	1 478 416	(675 334)	-	(41 726)	(3 861)	5 196	(715 725)	762 691
	1 382 175	**4 689 272**	**63 478**	**-**	**(11 455)**	**6 123 470**	**(675 334)**	**(1 761 880)**	**(225 712)**	**(3 861)**	**6 537**	**(2 660 250)**	**3 463 220**
Housing rental stock	**3 102 806**	**92 671**	**74 062**	**-**	**(31 897)**	**3 237 642**	**(1 091 440)**	**-**	**(100 335)**	**-**	**25 982**	**(1 165 793)**	**2 071 849**
TOTAL PPE	**70 879 489**	**80 725**	**6 091 505**	**-**	**(336 295)**	**76 715 424**	**(25 176 257)**	**(86)**	**(2 746 660)**	**(19 784)**	**309 538**	**(27 633 249)**	**49 082 175**

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ANNEXURE B: Analysis of property, plant and equipment and other assets (continued)

AS AT 30 JUNE 2020

Rand thousands (R'000)

	COST						ACCUMULATED DEPRECIATION						
	Opening balance	Transfers/ adjustments	Additions [1]	Impairments	Disposals	Closing balance	Opening balance	Transfers/ adjustments	Depreciation/ amortisation	Impairments	Disposals	Closing balance	Carrying value
Heritage assets													
Paintings and museum items	10 280	-	-	-	(11)	10 269	-	-	-	-	-	-	10 269
	10 280	**-**	**-**	**-**	**(11)**	**10 269**	**-**	**-**	**-**	**-**	**-**	**-**	**10 269**
Investment property													
Vacant land	518 142	-	-	-	-	518 142	-	-	-	-	-	-	518 142
Land and buildings	124 501	-	-	-	-	124 501	(59 682)	-	(1 714)	-	-	(61 396)	63 105
	642 643	**-**	**-**	**-**	**-**	**642 643**	**(59 682)**	**-**	**(1 714)**	**-**	**-**	**(61 396)**	**581 247**
Intangible assets													
Assets under construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of rights	561 441	-	-	-	-	561 441	(354 637)	-	(70 178)	-	-	(424 815)	136 626
Computer software	1 129 306	27 406	32 579	-	(429)	1 188 862	(642 932)	86	(83 387)	-	423	(725 810)	463 052
	1 690 747	**27 406**	**32 579**	**-**	**(429)**	**1 750 303**	**(997 569)**	**86**	**(153 565)**	**-**	**423**	**(1 150 625)**	**599 678**
TOTAL OTHER	**2 343 670**	**27 406**	**32 579**	**-**	**(440)**	**2 403 215**	**(1 057 251)**	**86**	**(155 279)**	**-**	**423**	**(1 212 021)**	**1 191 194**
GRAND TOTAL PPE AND OTHER	**73 223 159**	**108 131**	**6 124 084**	**-**	**(336 735)**	**79 118 639**	**(26 233 508)**	**-**	**(2 901 939)**	**(19 784)**	**309 961**	**(28 845 270)**	**50 273 369**

[1] *See note 36 for more details.*

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ANNEXURE C: Disclosure of bank accounts in terms of section 125(2)(a)of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	2020	2019	2018
Bank accounts held with			
Nedbank			
Main bank	242 494	214 486	181 975
Salary bank	-	-	-
Cashier's bank	-	-	-
General income bank (primary)	-	-	-
Traffic fines bank	-	-	-
IRT bank	-	-	-
Amortised cost	242 494	214 486	181 975
ABSA			
Main bank	-	-	19 598
IRT bank	7 882	31 467	8 162
Amortised cost	7 882	31 467	27 760
Amortised cost - see note 10	**250 376**	**245 953**	**209 735**
Bank accounts managed by fund managers			
Nedbank			
City of Cape Town	883	730	226
City of Cape Town	63	65	5 196
City of Cape Town	1 394	1 416	138
City of Cape Town	1 463	3 341	996
City of Cape Town	5 301	4 992	2 569
City of Cape Town	679	736	945
City of Cape Town	229	534	592
City of Cape Town	647	872	111
City of Cape Town	460	200	182
City of Cape Town	286	-	
	11 405	12 886	10 955
ABSA			
City of Cape Town			-
City of Cape Town			13
City of Cape Town			-
City of Cape Town			-
City of Cape Town			-
City of Cape Town			-
City of Cape Town			8
City of Cape Town			-
			21
Fair value - see note 10	**11 405**	**12 886**	**10 976**

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ANNEXURE C: Disclosure of bank accounts in terms of section 125(2)(a)of the MFMA (continued)

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

SHORT-TERM DEBT FACILITIES

The Municipality of Cape Town had the following short-term debt facilities with the City's main banker:

	2020	2019
General banking facility	800 000	800 000
Guarantee facility (cash-covered)	100 000	100 000
Guarantee facility (non-cash-covered)	12 000	12 000
Letter of credit	16 000	16 000
Business travel card	2 000	4 000

The short-term debt facilities are reviewed annually and can be explained as follows:

General banking facility

This facility allows the City to quickly access funds should an immediate drawdown into the City's bank account be required.

Guarantee facility (cash-covered)

This is a facility whereby the bank will guarantee a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. This facility would be cash covered which means that the client provides cash cover which is held in an interest bearing investment account and is then ceded to the bank.

Guarantee facility (non-cash-covered)

This is a facility whereby the bank will guarantee a payment to a beneficiary on behalf of the client to meet the obligations between the client and the beneficiary. There is no cash required in this instance.

Letter of credit

A letter of credit is a document issued by the bank, assuring payment to a seller of goods or services, provided that certain documents have been presented to the bank. The documents should prove that the seller has performed the duties specified by an underlying contract, and that the goods/services have been supplied as agreed. In return for these documents, the beneficiary receives payment from the bank that issued the letter.

Business travel card

The travel card facility is used for all the travel spend of the City (airfares, hotel and accommodation, car hire, travel agent fees, forex, et cetera) as the main, cost-effective and reliable card payment solution from the City's main banker. A credit facility is loaded on the account/card.

ANNEXURE D: Segmental statement of financial performance

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

BUSINESS ACTIVITIES	Actual income	Actual expenditure	(Surplus)/ deficit	Inter-departmental charges	Net (surplus)/ deficit	Grants and donations	Actual net result from operations	Budgeted net result from operations
Municipal Governance and Administration	**(19 014 987)**	**10 584 338**	**(8 430 649)**	**(162 282)**	**(8 268 367)**	**(12 676)**	**(8 255 691)**	**(6 117 553)**
Executive and Council	(990)	493 243	492 253	2 731	489 522	-	489 522	529 061
Finance and Administration	(19 013 970)	10 043 264	(8 970 706)	(165 205)	(8 805 501)	(12 676)	(8 792 825)	(6 693 470)
Internal Audit	(27)	47 831	47 804	192	47 612	-	47 612	46 856
Community and Public Safety	**(3 648 903)**	**8 920 157**	**5 271 254**	**602 112**	**4 669 142**	**(720 312)**	**5 389 454**	**5 375 654**
Community and Social Services	(175 379)	1 168 622	993 243	46 343	946 900	(43 425)	990 325	988 258
Sport and Recreation	(67 059)	1 475 577	1 408 518	203 188	1 205 330	(12 799)	1 218 129	1 095 275
Public Safety	(1 310 857)	3 062 283	1 751 426	21 391	1 730 035	(14 613)	1 744 648	1 810 810
Housing	(1 666 715)	1 919 766	253 051	315 729	(62 678)	(624 689)	562 011	639 778
Health	(428 893)	1 293 909	865 016	15 461	849 555	(24 786)	874 341	841 533
Economic and Environmental Services	**(1 880 928)**	**5 157 397**	**3 276 469**	**219 695**	**3 056 774**	**(587 312)**	**3 644 086**	**3 734 122**
Planning and Development	(379 454)	1 334 420	954 966	29 936	925 030	(24 691)	949 721	1 014 672
Road Transport	(1 480 560)	3 625 025	2 144 465	180 143	1 964 322	(562 516)	2 526 838	2 563 310
Environmental Protection	(20 914)	197 952	177 038	9 616	167 422	(105)	167 527	156 140
Trading Services	**(30 640 050)**	**26 153 567**	**(4 486 483)**	**(659 525)**	**(3 826 958)**	**(657 262)**	**(3 169 696)**	**(2 752 173)**
Energy Sources	(15 439 421)	13 352 671	(2 086 750)	1 383 529	(3 470 279)	(55 089)	(3 415 190)	(3 089 228)
Water Management	(7 004 400)	6 485 948	(518 452)	417 819	(936 271)	(323 522)	(612 749)	(785 133)
Waste water management	(4 003 422)	3 185 618	(817 804)	(824 607)	6 803	(278 651)	285 454	565 694
Waste management	(4 192 807)	3 129 330	(1 063 477)	(1 636 266)	572 789	-	572 789	556 494
GRAND TOTAL	**(55 184 868)**	**50 815 459**	**(4 369 409)**	**-**	**(4 369 409)**	**(1 977 562)**	**(2 391 847)**	**240 050**

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ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

National and Province grant funds

Description	Source	Balance unspent at beginning of the year [1]	Current-year receipts	Conditions met - transferred to revenue			Interest earned	Amounts to be claimed	Balance unspent at the end of the year [1]
				Adjustments	Operating	Capital			
National Government									
2014 African Nations Championship	Sport and Recreation	(2)	-	-	-	-	-	-	(2)
Accreditation: Development Support	State Housing	(344)	-	-	-	51	-	-	(293)
Department of Environmental Affairs and Tourism	Environmental Affairs	(489)	(110)	-	275	-	-	-	(324)
Energy Efficiency Electricity Demand Side Management	Energy	-	(11 065)	-	640	10 425	-	-	-
Expanded Public Works Incentive Grant	National Treasury	-	(32 877)	359	24 146	594	-	-	(7 778)
Finance Management Grant	National Treasury	-	(1 000)	-	1 000	-	-	-	-
Informal Settlements Upgrading Partnership	State Housing	-	-	(204 241)	-	204 241	-	-	-
Infrastructure Skills Development	National Treasury	(3 271)	(11 000)	3 308	10 963	-	-	-	-
Integrated City Development Grant	National Treasury	(10 330)	(55 387)	8 690	2 664	40 179	-	-	(14 184)
Municipal Disaster Grant	Department of Corporate Governance	(1 231)	-	1 232	-	(1)	-	-	-
Municipal Disaster Recovery Grant	Department of Corporate Governance	(199 589)	-	40	-	199 549	-	-	-
Neighbourhood Development Programme	National Treasury	-	(42 000)	2 068	-	13 785	-	-	(26 147)
Peninsula Wetlands Rehabilitation Project	Environmental Affairs	(653)	(1 327)	77	660	-	-	-	(1 243)
Public Transport Network Grant	Transport	(122 514)	(1 311 645)	266 515	468 257	377 385	-	-	(322 002)
Public Transport Network Grant - BFI	Transport	-		(82 089)	-	35 570	-	-	(46 519)
Restructuring Grant - Seed Funding	National Treasury	(2 076)	-	-	-	341	-	-	(1 735)
Special Projects	Environmental Affairs	(2 033)	-	322	1 740	-	19	(48)	-
Terrestrial Invasive Alien Plants	Environmental Affairs	(130)	-	123	15	-	12	(20)	-
Tirelo Bosha Programme	Public Service and Administration	(73)	-	-	-	-	-	-	(73)
Urban Settlement Development Grant	National Treasury	(178 147)	(1 512 724)	413 473	125 233	992 631	-	-	(159 534)
Total DoRA allocation		**(520 882)**	**(2 979 135)**	**409 877**	**635 593**	**1 874 750**	**31**	**(68)**	**(579 834)**
2010 FIFA World Cup - Green Point: Interest account		(246)	-	-	-	-	-	-	(246)
Integrated City Development Grant: Interest account		(320)	-	-	-	-	-	-	(320)
Natural Resource Management: Interest account		(10)	-	-	-	-	(1)	-	(11)
Neighbourhood Development Programme: Interest account		(1 190)	-	-	-	-	(1 319)	-	(2 509)
Peninsula Wetlands Rehabilitation Project: Interest account		(2)	-	-	-	-	(25)	-	(27)

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ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

Rand thousands (R'000)

National and Province grant funds

Description	Source	Balance unspent at beginning of the year [1]	Current-year receipts	Conditions met - transferred to revenue			Interest earned	Amounts to be claimed	Balance unspent at the end of the year [1]
				Adjustments	Operating	Capital			
Public Transport Infrastructure Systems Grant: Interest account		(203 766)	(31)	-	9 822	-	(13 204)	-	(207 179)
Public Transport Infrastructure Grant: Interest account		(39 366)	-	-	-	-	(2 606)	-	(41 972)
Public Transport Network Grant: Interest account		(74 019)	-	-	-	-	(30 691)	-	(104 710)
Public Transport Network Grant - BFI: Interest account		(185)	-	-	-	-	(445)	-	(630)
Public Transport Network Operations Grant: Interest account		(16 079)	-	-	-	-	(1 065)	-	(17 144)
Smart Living Handbook: Interest account		(107)	-	-	-	-	(7)	-	(114)
Special Projects		(4)	-	-	-	-	4	-	-
Terrestrial Invasive Alien Plants: Interest account		(33)	-	-	-	-	33	-	-
Total interest earned		**(335 327)**	**(31)**	**-**	**9 822**	**-**	**(49 326)**	**-**	**(374 862)**
TOTAL NATIONAL GOVERNMENT TRANSFERS AND GRANTS		**(856 209)**	**(2 979 166)**	**409 877**	**645 415**	**1 874 750**	**(49 295)**	**(68)**	**(954 696)**
Province									
ABET Adult Education	Education	(4)	-	-	-	-	-	-	(4)
Accreditation Assistance	Human Settlements	(94)	-	94	-	-	-	-	-
Belhar Pentech 340 Top Structures	Human Settlements	(5 812)	-	-	-	-	-	-	(5 812)
Bokmakierie / Hazendal Infill 3	Human Settlements	(414)	-	414	-	-	-	-	-
Browns Farm Phase 3,4,5,6	Human Settlements	(10 975)	-	10 975	-	-	-	-	-
Community Residential Units	Human Settlements	(3 007)	-	(900)	-	3 195	-	-	(712)
Delft - The Hague Phase 2 (896)	Human Settlements	-	-	(15 809)	54 448	-	-	(38 639)	-
Delft The Hague / Roosendal Eindhoven	Human Settlements	(2 263)	-	-	17 000	-	-	(14 737)	-
Disaster Fund - Fire/Flood Kits	Human Settlements	(6 439)	-	-	52 534	-	-	(46 095)	-
Edward Road Energy Efficient Project	Human Settlements	(3 810)	-	-	-	-	(252)	-	(4 062)
EHP Nyanga, Du Noon and Atlantis	Human Settlements	(10 466)	-	1 430	5 452	-	-	-	(3 584)

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ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

Rand thousands (R'000)

National and Province grant funds

Description	Source	Balance unspent at beginning of the year [1]	Current-year receipts	Conditions met - transferred to revenue			Interest earned	Amounts to be claimed	Balance unspent at the end of the year [1]
				Adjustments	Operating	Capital			
Enhanced Extended Discount Benefit Scheme	Human Settlements	-	(25 206)	25 728	31 537	-	-	(32 059)	-
Eradication of Registration Backlog	Human Settlements	(2 221)	-	-	421	-	-	-	(1 800)
Erf 160: Boys Town	Human Settlements	(392)	-	-	-	-	-	-	(392)
Establishment Grants	Human Settlements	(948)	-	1 003	-	-	(56)	-	(1)
Facilitation Grants	Human Settlements	(1 406)	-	1 460	-	-	(86)	-	(32)
Finance Management Support Grant	Treasury	(2)	(230)	2	230	-	-	-	-
Financial Management Capacity Building Grant	Treasury	(365)	(380)	244	500	-	(20)	-	(21)
Fisantekraal Garden Cities (RDP 4672 Units)	Human Settlements	-	-	(26 947)	27 375	-	-	(428)	-
Garden Cities/Greenville/Fisantekraal 868	Human Settlements	(152)	-	-	1 576	-	-	(1 576)	(152)
Glenhaven Social Housing Project	Human Settlements	(4 352)	-	(14 728)	31 383	-	-	(12 303)	-
Government Grant Community Development Workers	WCG Local Government	(475)	(2 034)	478	451	-	(5)	-	(1 585)
Green Point Phase 2 Housing	Human Settlements	(736)	-	-	-	-	-	-	(736)
Gugulethu Housing Infill Project	Human Settlements	(31 182)	-	-	7 361	-	-	-	(23 821)
Happy Valley - Phase 2 Top Structures	Human Settlements	(65)	-	-	-	-	-	-	(65)
Hazendal Infill - Top Structures	Human Settlements	(66)	-	-	-	-	-	-	(66)
HCE Manuals (Housing Consumer Education)	Human Settlements	(8)	-	-	8	-	-	-	-
Heideveld Housing Infill	Human Settlements	(1 560)	-	-	18	-	-	-	(1 542)
HIV/AIDS Community Based Response Projects	Health	(25 240)	(263 243)	-	257 047	-	-	-	(31 436)
Housing Settlements Development Grant	Human Settlements	-	(286 311)	239 916	-	-	-	-	(46 395)
IHP Westgate Mall Phase C1 and C2	Human Settlements	(1 965)	-	-	-	-	-	-	(1 965)
IDA Projects: Urban Engineering	Human Settlements	-	-	(10 096)	46 629	-	-	(36 533)	-
Informal Settlements	Human Settlements	(567)	(1 500)	38	927	-	-	-	(1 102)

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ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

Rand thousands (R'000)

National and Province grant funds

Description	Source	Balance unspent at beginning of the year [1]	Current-year receipts	Conditions met - transferred to revenue			Interest earned	Amounts to be claimed	Balance unspent at the end of the year [1]
				Adjustments	Operating	Capital			
Jakkelsvlei Canal Upgrading	Human Settlements	(10 427)	-	-	-	-	-	-	(10 427)
K9 Unit	Community Safety	(2 635)	(2 300)	-	4 258	-	-	-	(677)
Kanonkop Phase 1 Top Structures	Human Settlements	-	-	1 061	-	-	-	(1 061)	-
Khayelitsha Site C Subsidies	Human Settlements	(5 082)	-	-	-	-	(336)	-	(5 418)
Kleinvlei Phase 2	Human Settlements	(396)	-	-	-	-	-	-	(396)
Law Enforcement Officers	Community Safety	(463)	-	-	-	-	-	-	(463)
Law Enforcement Officers	Community Safety	(217)	(4 159)	-	4 207	6	(21)	-	(184)
Law Enforcement Officers - LEAP	Community Safety	-	(130 000)	-	79 568	19 039	(1 308)	-	(32 701)
Library Service: Procurement Periodicals and Newspapers	Cultural Affairs and Sport	(193)	(5 150)	-	5 294	-	(213)	-	(262)
Library Metro Grant	Cultural Affairs and Sport	(1 244)	(10 000)	-	-	10 663	(443)	-	(1 024)
Marconi Beam	Human Settlements	-	(1 763)	-	-	-	-	-	(1 763)
Metropolitan Land Transport Fund	Transport and Public Works	(11 384)	(27 000)	3 666	33 699	-	(101)	-	(1 120)
Mitchell's Plain Infill Phase 1	Human Settlements	(3 945)	-	3 945	-	-	-	-	-
Mitchell's Plain TA2	Human Settlements	(276)	-	-	-	-	-	-	(276)
Morkel's Cottage Strand Housing Project	Human Settlements	(2 129)	-	-	-	-	-	-	(2 129)
Morningstar Infill IRDP	Human Settlements	(166)	-	-	-	-	-	-	(166)
Municipal Disaster Grant	Community Safety	(41)	-	-	41	-	(3)	-	(3)
NHBRC Enrollment Fees	Human Settlements	(1 857)	-	-	10 434	-	-	(8 577)	-
Nutrition Supplement Programme	Health	-	(5 465)	695	5 373	-	-	(603)	-
Occupancy Survey	Human Settlements	(10 431)	-	-	1 323	-	-	-	(9 108)
Pelican Park 2083 Top Structures	Human Settlements	(321)	-	-	-	-	-	-	(321)
Peoples Housing Project	Human Settlements	(64 826)	-	(143 944)	139 565	-	(3 583)	-	(72 788)
Philippi East Top Structures	Human Settlements	(1)	-	1	-	-	-	-	-
Philippi East Phase 5	Human Settlements	(567)	-	-	-	-	-	-	(567)

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ANNEXURE E: Disclosure of grants and subsidies in terms of section 123 of the MFMA

FOR THE YEAR ENDED 30 JUNE 2020 (continued)

Rand thousands (R'000)

National and Province grant funds

Description	Source	Balance unspent at beginning of the year [1]	Current-year receipts	Conditions met - transferred to revenue			Interest earned	Amounts to be claimed	Balance unspent at the end of the year [1]
				Adjustments	Operating	Capital			
Prov Docs Mod Centre Deployment	Community Safety	(165)	-	-	-	-	-	-	(165)
Public Library Fund	Cultural Affairs and Sport	(7 610)	(47 062)	4 427	47 110	2 607	(891)	-	(1 419)
Rou Emoh Housing Development	Human Settlements	(194)	-	-	-	-	(13)	-	(207)
Sir Lowry's Pass Village TRA	Human Settlements	(1 389)	-	-	1 389	-	-	-	-
Somerset West Housing Project	Human Settlements	(12 393)	-	(12 203)	20 014	-	-	-	(4 582)
Sport and Recreation	Cultural Affairs and Sport	-	(779)	-	-	772	(7)	-	(14)
Sweet Homes IDA TRA	Human Settlements	(7 117)	-	7 117	-	-	-	-	-
Tambo Square	Human Settlements	(286)	-	286	-	-	-	-	-
TB Crisis Plan	Health	(678)	(29 682)	-	30 666	-	-	(306)	-
Title Deeds Restoration	Human Settlements	(26 757)	-	-	26 712	-	-	-	(45)
Vaccines	Health	-	(120 142)	25 692	98 845	-	-	(4 395)	-
Vrygrond	Human Settlements	(33)	-	15	-	-	-	-	(18)
Wallacedene Phase 3, 4, 5, 6, 7, 8, 9, 10	Human Settlements	(10 980)	-	10 980	-	-	-	-	-
WCG - Municipal Accreditation and Capacity Building Grant	Human Settlements	-	(15 000)	-	11 897	279	-	-	(2 824)
TOTAL PROVINCE TRANSFERS AND GRANTS		**(299 189)**	**(977 406)**	**115 040**	**1 055 292**	**36 561**	**(7 338)**	**(197 312)**	**(274 352)**
Analysis of grants and subsidies									
Total National Government transfers and grants		**(856 209)**	**(2 979 166)**	**409 877**	**645 415**	**1 874 750**	**(49 295)**	**(68)**	**(954 696)**
Total Province transfers and grants		**(299 189)**	**(977 406)**	**115 040**	**1 055 292**	**36 561**	**(7 338)**	**(197 312)**	**(274 352)**
		(1 155 398)	**(3 956 572)**	**524 917**	**1 700 707**	**1 911 311**	**(56 633)**	**(197 380)**	**(1 229 048)**

[1] *The balance unspent at beginning and end of the year excludes VAT.*

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ANNEXURE F: Disclosure of grants in terms of S14(4)(a) of DORA

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

INTEGRATION ZONES AND GRANTS	Budget	Expenditure
Metro southeast corridor		
Integrated City Development Grant (ICDG)	33 661	27 319
Public Transport Network Grant (PTNG)	17 569	16 119
Neighbourhood Development Partnership Grant (NDPG)	4 960	4 960
Urban Settlements Development Grant (USDG)	227 138	220 099
	283 328	**268 497**
Voortrekker Road corridor		
Integrated City Development Grant (ICDG)	12 182	11 777
Urban Settlements Development Grant (USDG)	102 465	96 954
	114 647	**108 731**
Blue Downs Symphony Way		
Urban Settlements Development Grant (USDG)	92 943	87 863
Integrated City Development Grant (ICDG)	1 083	1 083
Public Transport Network Grant (PTNG)	324 267	14 937
	418 293	**103 883**
GRAND TOTAL	**816 268**	**481 111**

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ANNEXURE G: Appropriation statement

FOR THE YEAR ENDED 30 JUNE 2020

Rand thousands (R'000)

	2019/20											2018/19			
	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy) R'000	Final budget	Actual outcome	Unauthorised expenditure [1]	Variance	Actual outcome as % of final budget %	Actual outcome as % of original budget %	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated audited outcome
Financial performance															
Property rates	9 916 685	(19 531)	9 897 154	-	-	9 897 154	10 081 179	-	-	102	102	-	-	-	-
Service charges	19 690 196	15 284	19 705 480	-	-	19 705 480	20 100 461	-	-	102	102	-	-	-	-
Investment revenue	912 495	(22)	912 473	-	-	912 473	1 283 558	-	-	141	141	-	-	-	-
Transfers recognised - operational	7 376 568	484 733	7 861 301	-	-	7 861 301	7 553 698	-	-	96	102	-	-	-	-
Other own revenue	3 026 006	(148 344)	2 877 662	-	-	2 877 662	3 362 648	-	-	117	111	-	-	-	-
Total revenue (excluding capital transfers and contributions)	**40 921 950**	**332 120**	**41 254 070**	**-**	**-**	**41 254 070**	**42 381 544**	**-**	**-**	**103**	**104**	**-**	**-**	**-**	**-**
Employee costs	13 817 805	139 929	13 957 734	-	(20 193)	13 937 541	12 775 413	-	-	92	92	-	-	-	-
Remuneration of councillors	179 818	-	179 818	-	-	179 818	167 520	-	-	93	93	-	-	-	-
Debt impairment	2 341 628	145 941	2 487 569	-	-	2 487 569	2 804 042	-	-	113	120	-	-	-	-
Depreciation and asset impairment	3 015 087	25 696	3 040 783	-	-	3 040 783	2 921 723	-	-	96	97	-	-	-	-
Finance charges	790 756	10 060	800 816	-	1 570	802 386	814 407	-	-	101	103	-	-	-	-
Materials and bulk purchases	11 704 365	(504 004)	11 200 361	-	(35 703)	11 164 658	11 169 610	-	-	100	95	-	-	-	-
Transfers and grants	446 206	145 951	592 157	-	6 311	598 468	453 464	-	-	76	102	-	-	-	-
Other expenditure	9 483 952	(304 431)	9 179 521	-	48 015	9 227 536	8 857 791	-	-	96	93	-	-	-	-
Total expenditure	**41 779 617**	**(340 858)**	**41 438 759**	**-**	**-**	**41 438 759**	**39 963 970**	**-**	**-**	**96**	**96**	**-**	**-**	**-**	**-**
Surplus	**(857 667)**	**672 978**	**(184 689)**	**-**	**-**	**(184 689)**	**2 417 574**	**-**	**-**	-	(282)	**-**	**-**	**-**	**-**
Transfers recognised - capital	2 265 085	133 488	2 398 573	-	-	2 398 573	1 951 835	-	-	81	86	-	-	-	-
Contributions recognised - capital and contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after capital transfers and contributions	**1 407 418**	**806 466**	**2 213 884**	**-**	**-**	**2 213 884**	**4 369 409**	**-**	**-**	**197**	**310**	**-**	**-**	**-**	**-**
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus for the year	**1 407 418**	**806 466**	**2 213 884**	**-**	**-**	**2 213 884**	**4 369 409**	**-**	**-**	**197**	**310**	**-**	**-**	**-**	**-**
Capital expenditure and funds sources															
Transfers recognised - capital	2 211 385	145 051	2 356 436	-	-	2 356 436	1 906 365	-	-	81	86	-	-	-	-
Public contributions and donations	53 700	(11 563)	42 137	-	-	42 137	40 480	-	-	96	75	-	-	-	-
Borrowing	1 091 580	-	1 091 580	-	-	1 091 580	1 060 298	-	-	97	97	-	-	-	-
Internally generated funds	5 031 767	(1 813 281)	3 218 486	-	-	3 218 486	2 963 525	6 567	-	92	59	-	-	-	-
Total sources of capital funds	**8 388 432**	**(1 679 793)**	**6 708 639**	**-**	**-**	**6 708 639**	**5 970 668**	**6 567**	**-**	**89**	**71**	**-**	**-**	**-**	**-**
Cash flows															
Net cash from (used) operating	4 563 204	12 055	4 575 259	-	-	4 575 259	7 005 549	-	-	153	154	-	-	-	-
Net cash from (used) investing	(7 718 788)	1 507 215	(6 211 573)	-	-	(6 211 573)	(6 773 466)	-	-	109	88	-	-	-	-
Net cash from (used) financing	748 685	(887)	747 798	-	-	747 798	715 211	-	-	96	96	-	-	-	-
Cash/cash equivalents at the year end	**4 985 877**	**1 518 383**	**7 530 759**	**-**	**-**	**7 530 759**	**9 366 569**	**-**	**-**	**124**	**188**	**-**	**-**	**-**	**-**
Net increase in cash and cash equivalents	**(2 406 899)**	**1 518 383**	**(888 516)**	**-**	**-**	**(888 516)**	**947 294**	**-**	**-**	**(107)**	**(39)**	**-**	**-**	**-**	**-**

[1] *See note 37 for more details.*

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ANNEXURE H: Bids awarded to family of employees in service of the state – 2019

Rand thousands (R'000)

Connected person	Position held in State	2019
AURECON		156 417
H Ahlschlager	Legal Representative	
C Barry	Head	
T Botha	Technical Manager	
W Erasmus	Program Manager	
H Esterhysen	Senior Manager	
T Govender	Maintenance Administrator	
S Grobbelaar	Town Planner	
E Herholdt	Manager	
A Heyns	Engineer	
J Higgs	Regional Manager	
J Jacobs	PA	
B Kleynhans	Accountant	
B Kriegler	Councillor: Breede Valley Municipality	
M Marques	Deputy Director	
D Mayekiso	Assistant Director	
A Moore	Chief Engineer	
K Nadasen	Director	
S Seegers	Head	
M Skead	Senior Manager	
BOWMAN GILFILLAN INC (LEGAL)		879
H Ben - David	Captain	
O Bhayat	Member of Mayoral Committee	
M de Villiers	Project and Process Manager	
C Dyer	Deputy Director	
S February	Teacher	
C Franklyn	Specialist Scientist	
Q Green	Director Finance	
C la Marque	Regional Magistrate	
M Majola	Manager	
C Maree	Senior Family Advocate	
G Mellem	Teacher	
M Nyali	Teacher	
N Nyali	Chief Education Specialist	
R Ordelheide	Intern	
Z Pali	Assistant Director	
S Pillay	Educator	
T Sass	Head	
B Sepuba	Special Recruitment	
E van den Berg	School Psychologist	
J van den Heuvel	Magistrate	
A Visser	Maintenance Manager	
DESIGNTEC PRINTING CC		386
M Mshweshwe	Manager Legal Services	
H Rauch	Program Manager	

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ANNEXURE H: Bids awarded to family of employees in service of the state – 2019 (continued)

Rand thousands (R'000)

Connected person	Position held in State	2019
GIBB		39 785
R Beharie	Senior Engineer	
I Brink	Teacher	
S Cilliers	Teacher	
J Gooch	Head	
D Kiewiet	Area Manager	
U Lekonyana	Deputy Director: National Treasury	
N Mkhize	Accounting Clerk	
A Moon	Head	
N Mzayiya	Correctional Officer	
K Naidoo	Head	
JAKEPRO BUILDING PROJECTS AND SERVICE		164
Y Jacobs	Department of Health	
O Khan	Department of Defence	
PURPLE ROSE DISTRIBUTORS CC		1 043
C Hector	Quality Assessor	
M Hector	Medical Doctor	
SMEC SOUTH AFRICA (PTY) LTD		53 384
A Meyer	Professional Officer	
P Phosa	Parliament	
C Wyngaard	Senior Clerk	
SPOTLESS BY SAM		23
E Neethling	Attendant	
I Olfant	Forensic Pathology	
TURNER AND TOWNSEND (PTY) LTD		9 758
E Barnard	Risk manager	
T Bulmer	Chief Therapist	
D Dauncey	Facilities Manager Krugersdorp	
G Harmse	Senior Manager	
N Satar	Chris Hani Hospital	
J Ziki	Medical Officer	
WHILE ITS DAY		2 221
C Hector	Quality Assessor	
M Hector	Medical Doctor	
ZAPTRON PEST SOLUTIONS		80
F Fortune	SANDF	
F Fortune	Western Cape Health Department	

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ANNEXURE H: Bids awarded to family of employees in service of the state – 2019 (continued)

Rand thousands (R'000)

Connected person	Position held in State	2019
INDIVIDUALS		
N Andhee	Department of Education	1 794
T Arendse	Senior Foreman	150
L Arries	Educator	21 177
R Badenhorst	Councillor: Stellenbosch Municipality	910
T Barends	SAP Developer	49
P Bell	DCAS	5 415
J Beukes	Department of Health	30 273
J Bodmer	Metro Paramedic	76
E Bowers	Social Worker	238
G Buitendag	Head Payroll Benefits	11
R Conrad	Professional Officer	119
A Damons	Clerk	2 143
SF Davids	Department of Education	35 261
C de Wee	Administrative Officer	164
J du Toit	Traffic Inspector	1 357
Y Ebrahim	Manager Waste Water	1 879
H Eksteen	Parliamentary Liaison Officer	3
S Fumba	Specialist Clerk	10 818
S Gxilishe	Educator	117
C Henderson	Educator	66
F Hendricks	Administrative Officer	39
M Hendricks	Artisan	21
E Jacobs	Senior Clerk	256 895
NE Jacobs	Administrative Clerk	111
S Jacobs	Director: Cape Agulhus Municipality	14
T Jacobs	Deputy Director: Department of Premier	239
A Kelland	Administrative Officer	407
R Maharaji	Umngeni Water	41 983
M Maroof	Professional Officer	42
S Melane	Senior Clerk	101
S Merile	Small Plant Operator	840
K Modack	Senior Professional Officer	1 379
F Monk	Subcouncil Manager	1 477
N Moodley	Director: Department of Health	4 672
M Mvalo	Professional Officer	1 846
R Naidoo	IT Contractor	99
B Ntlati	Clerk	1 288
N Orrie	Senior Superintendent	2 744
R Parker	Department of Education	1 096
N Pedro	Specialist Clerk	259
L Pieters	Educator	443
L Pietersen	Educator	32
C Rhoda	Head	1 108
M Rhodes	Educator	7 383
A Sangster	Support Assistant	25 838
F Shariff	Director Property Management	934
Y Skunyana	Light Machine Operator	592
Z Smith	Department of Labour	365
D Timotheus	Operator	65
V van der Heever	Educator	3 744
C van der Vent	Senior Worker	9
M Votersen	Manager	2 298
S Willemse	Administrative Officer	1 454
E Williams	Stores Clerk	6 249
X Zantsi	Bookkeeper	20
TOTAL		**742 246**

CITY OF CAPE TOWN
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APPENDIX A
Abbreviations used in these financial statements

AFD	Agence Française de Développement
ASB	Accounting Standards Board
CCT	City of Cape Town
CID(s)	city improvement district
CMTF	Cape Metropolitan Transport Fund
COID	compensation for occupational injuries and diseases
COVID-19	coronavirus disease of 2019
CPI	consumer price index
CRR	capital replacement reserve
CTICC	Cape Town International Convention Centre Company SOC Limited (RF)
DB	defined benefit (scheme)
DBSA	Development Bank of Southern Africa
DC	defined-contributions (scheme)
DCAS	Department of Cultural Affairs and Sport
DMTN	domestic medium-term note
DORA	Division of Revenue Act
EPWP	Expanded Public Works Programme
ERP	Enterprise Resource Planning
FBE	free basic electricity
FCSA	Financial Sector Conduct Authority
GRAP	Generally Recognised Accounting Practice
ICASA	Independent Communications Authority of South Africa
ICDG	Integrated City Development Grant
IDP	Integrated Development Plan
IFRIC	The Former International Financial Reporting Interpretations Committee of the IASB, now renamed the IFRS Interpretations Committee (also refers to individual Interpretations issued by the Committee)
IGRAP	Interpretation of the Standards of Generally Recognised Accounting Practice
IPM	Individual Performance Management performance
IRT	integrated rapid transport
JSE	Johannesburg Stock Exchange
KCT	Khayelitsha Community Trust
Mayco	Mayoral Committee
MFMA	Local Government: Municipal Finance Management Act
MPAC	Municipal Public Accounts Committee
MPRA	Local Government: Municipal Property Rates Act
mSCOA	Municipal Standard Chart of Accounts
NACS	nominal annual compounded semi-annually
NDHS	National Department of Human Settlements
PAYE	pay-as-you-earn
PPE	property, plant and equipment
PRASA	Passenger Rail Agency of South Africa
Province	Western Cape Provincial Government
PTNG	Public Transport Network Grant
SABC	South African Broadcasting Corporation
SALA	South African Local Authorities (Pension Fund)
SALGA	South African Local Government Association
SANDF	South African National Defence Force
SAP	Systems, Applications and Products
SCM	supply chain management
SOA	Scheme of Arrangement
UIF	Unemployment Insurance Fund
USDG	Urban Settlements Development Grant
VAT	value-added tax